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# Daily Report

# Latin America

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# Daily Report
## Latin America

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## Cuba

### Official Comments on Planned Migration Talks

*FL1401162395 Havana Radio Rebelde Network in Spanish 1800 GMT 13 Jan 95*

[Interview with Jose Fernandez de Cossio, head of the Americas Desk of the Ministry of Foreign Relations, by Zenaida Costales; from the "National Radio News" program—recorded]

[FBIS Translated Text] [Costales] The third round of migration talks between Cuba and the United States will be held on 18 January in New York. What does Cuba expect from these talks?

[De Cossio] Cuba expects to be able to discuss compliance with the agreement once more with the U.S. delegation, as well as the totality of the issues which for many years have caused an abnormal situation in the migratory relations between the countries, and the issues which could create potential for danger, or a possible exodus, and which require special attention by both countries.

[Costales] When these talks between Cuba and the United States take place, the context will be somewhat special, due to the triumph of Republicans who are now the majority in Congress. Could this affect the positive development of the talks?

[De Cossio] The agreement signed is a compromise between governments, and therefore, the national policy circumstances in either of the two countries should not necessarily provoke a change regarding the power of the compromise.

There is no doubt, of course, that when this kind of change takes place, specifically in the United States, not everything is perceived in the same way. Cuba does not have any reason to assume that the change in the parties' composition inside the U.S. Congress could lead to a change of attitude regarding the migration issue. Undoubtedly, this is a national issue in the United States. [end recording]

### Commentary Views Talks

*PA1801023195 Havana Radio Havana Cuba in Spanish 0000 GMT 18 Jan 95*

[Commentary by Roberto Morejon; from the "Evening Information Review" newscast]

[FBIS Translated Text] The third round of talks on migration issues between Cuba and the United States will be held in New York with at least three elements having a negative impact on the adequate progression of the talks. The explosive situation of the so-called rafters in Panama, the continued use of Guantanamo Naval Base to lodge the immigrants, and the strong pressure exerted by the Republican majority in Congress to raise the level of hostility against Cuba have become thorny issues.

The arrival of the first contingent of 1,200 U.S. soldiers in Panama, sent to the Canal Zone to increase the number of guards at the rafters camps, increases the possibilities of new outbreaks of violence among Cubans who only want to travel to the United States.

Trapped by the inconsistency of the controversial U.S. migration policy toward the island, illegal Cuban immigrants feel betrayed by the White House after Washington gave, for more three decades, a welcome to all those who left Cuba illegally.

Now that they have been notified their next destination is the Guantanamo Naval Base, people may become upset, as it happened in December, when they realized departures to the United States, involving special cases that were authorized to do so, were being delayed. This action provoked serious confrontations that resulted in two dead and 249 injured.

Cuba considers as worrisome the continuous violence, tension, and uncertainty about these thousands of people. Even though they have abandoned their country, attracted by the consumer society's siren songs, they are still Cubans. The fact 8,000 rafters will be taken from Panama to Guantanamo, amid a large-scale military deployment, again brings up the issue of the illegal use of that enclave to confine immigrants, as it has already happened with the Haitians.

Ricardo Alarcon, president of the National Assembly of the People's Government, who leads his country's delegation to the third round of talks on migration issues, has reasserted Havana's opinion about the illegal use of Guantanamo to hold Cuban citizens.

These extremely complex issues will be discussed in the talks, the first between Cuba and the United States after the Republicans' victory in the 8 November legislative elections. Republican Congressmen such as Jesse Helms and Lincoln Diaz-Balart lead a crusade to stir up the most obscure anti-Cuban feelings in the legislative sector and other political, academic, and press sectors, therefore, the new round of talks will occur amid a correlation of various forces. Nevertheless, Cuba expects reality to prevail, as it happened in September, when the accords on migration issues were signed.

### U.S. Anti-Immigrant Feeling Said Spreading

*FL1701211795 Havana Radio Rebelde Network in Spanish 1800 GMT 17 Jan 95*

[From the "National Radio News"]

[FBIS Translated Text] Anti-immigration feeling is increasing in the United States. Since the November 1994 approval of Law 187 in California, other states such as Florida, Arizona, and Colorado have shown an increased interest in implementing similar anti-immigration legislation. Law 187 remains frozen, however, an official suspension order preventing its implementation in California pending analysis of its contents for constitutionality.

A judge in Los Angeles ordered the state's government to take the necessary steps to publicize suspension of Law 187, but there have nevertheless been repeated violations to the rights of Hispanic people, as reported by Mexican television network Eco:

[Begin Eco correspondent recording] There have been calls from people who have been denied health care, for instance, and others who have been abused by police or INS forces. [end recording]

Only two months after the approval of Law 187 in California, anti-immigration feeling has spread, despite the suspension of the law by Federal courts.

### GRANMA Decries U.S. Decision Not To Try Cuban

*PA1701180995 Havana PRENSA LATINA in Spanish 1643 GMT 17 Jan 95*

[FBIS Translated Text] Havana, 17 Jan (PL)—Cuba today describes as unfortunate and arbitrary a decision by U.S. justice not to try a Cuban who committed maritime piracy and murder in traveling illegally to the United States in August 1994.

Once again, U.S. justice has become the accomplice of the anti-Cuban policy that has been implemented by the U.S. Government for over three decades, according to an article in GRANMA.

The article emphasizes that this decision "certainly does not contribute to the atmosphere of understanding, goodwill, and mutual respect that must accompany" the process that began with the signing of migration agreements in September 1994 and continued with subsequent talks between the two countries to normalize those relations.

Migration talks between Cuba and the United States will resume tomorrow, Wednesday, in New York City. An analysis of the progress made in terms of the agreement signed last year is scheduled.

The official organ of the Communist Party of Cuba reports that the district attorney in South Florida refused, "for lack of evidence," to try Leonel Macias Gonzalez, who on last 8 August planned and committed maritime piracy by killing, at no risk to himself, a naval lieutenant who was commanding a vessel in the Cuban port of Mariel.

Macias remains in detention awaiting a reply to his request for asylum. According to a judicial source cited by EL NUEVO HERALD, this case raises the problem of jurisdiction "because the alleged murder occurred in Mariel, not in U.S. waters."

In view of this new display of cynicism by U.S. justice, we must recall the 8 August incident, GRANMA adds. GRANMA notes that U.S. authorities were duly advised of all incidents involving Macias directly.

Thus, the article underscores, it is surprising that they are claiming that there is no adequate information in this regard.

The newspaper states in closing that this recent decision is "evidence of the arbitrariness of U.S. justice, which is in this manner encouraging and becoming an accomplice of criminal actions committed in violation of migration provisions" in Cuba.

It also emphasized that this decision "shamelessly protects a deserter from our military institutions who stole a vessel from the Cuban Navy."

### Seminar on U.S. Policy Toward Cuba Begins

*FL1701213695 Havana Radio Rebelde Network in Spanish 1800 GMT 17 Jan 95*

[From the "National Radio News"]

[FBIS Translated Text] An international scientific workshop entitled, Cuba in U.S. Policy, began on 17 January at the University of Havana. This workshop is sponsored by the Center for American Studies and Indiana University.

(Michael Erichman), Indiana University professor of Political Science, gave his views on the significance of the meeting.

[Begin (Erichman) recording] I think there are several reasons, not just one. One reason is that this is part of an ongoing project in Latin American studies, to promote this type of meeting between U.S. and Latin American academics, including Cubans. A second reason is that some of the academics attending belong to organizations that have exchanges with Cuba. The third reason, which I believe is very important, is to try to improve relations between the United States and Cuba, and to change the way the U.S. Government views Cuba. [end recording]

### Panamanian Official Decries U.S. Policy Toward Cuba

*FL1701215595 Havana Radio Rebelde Network in Spanish 1800 GMT 17 Jan 95*

[From the "National Radio News"]

[FBIS Translated Text] The editorial in one of the main morning newspapers in Panama today criticized U.S. policy toward Cuba, describing it as a conspicuous failure [estrepitoso fracaso]. The newspaper EL PANAMA AMERICA deems that the defeat of the Democrats in the United States has left the Cubans in Panama virtually stranded, without hope of immediate resolution of their cases. It also criticized U.S. refusal to accept all Cuban immigrants because the United States systematically encouraged their departure through the strengthening of the economic blockade and the psychological campaign transmitted by Radio Marti.

Moreover, on 17 January, the Panamanian Government advised that it has not authorized the approximately 8,000 Cuban rafters under U.S. guardianship in the Canal Zone to stay beyond 6 March. Omar Jaen, Panamanian vice minister of Foreign Relations, said that the government's position is clear: The Cuban rafters should leave the country when the term of their stay, agreed upon with the United States last September, expires. The Cuban immigrants recently sought an extension of the agreement after learning they would be transferred to the Guantanamo Naval Base by U.S. authorities. According to Jaen, they trust, wish, and fervently hope that no violent incidents occur as the situation unfolds.

### IAEA Praises Cuban Nuclear Energy Program

*FL1401141295 Havana Radio Rebelde Network in Spanish 1800 GMT 13 Jan 95*

[From the "National Radio News"]

[FBIS Translated Text] Hans Blix, general director of the International Atomic Energy Agency [IAEA], is visiting several scientific institutions in Havana today, including the Center for Radiation Safety and Health Center, and the Isotope Center which will soon be inaugurated in the area of Pedro Pi. Blix will also visit the food irradiation plant of the Light Industry Research Institute.

This is the second time Blix has visited Cuba to become acquainted with the Cuban nuclear program based in the Cienfuegos electric and nuclear plant. Blix commented on the work under way in Cienfuegos to Cuban television:

[Begin Blix recording] [In English with simultaneous translation into Spanish] I have heard that there was a very, very small preservation project ongoing there, however, my impression is that they are doing a bit more, that they are implementing very practical steps. The construction has resumed, and I am happy that the IAEA is contributing to several of the projects taking place in the medical, agricultural and industrial sectors. [end recording]

At the end of National Radio News it was announced that Hans Blix highlighted his meeting with Commander in Chief Fidel Castro, during which they discussed the peaceful use of nuclear energy.

Blix stated that Castro confirmed Cuba's intention to sign the Tlatelolco treaty during a visit to the Radiation Safety and Health Center, which would boost the efforts to guarantee the worldwide non-proliferation of nuclear weapons.

Blix added that he let Castro know of his admiration for Cuban advances in the use of nuclear energy for medical purposes, which puts Cuba in a privileged position in the field of diagnostic and radiology treatment.

### IAEA Head Comments on Juragua Status

*PA1601155895 Havana PRENSA LATINA in Spanish 0213 GMT 14 Jan 95*

[By Argel Calcines: "Face to Face With Hans Blix"]

[FBIS Translated Text] Havana, 13 Jan (PL)—Hans Blix, general director of the International Atomic Energy Agency (IAEA), told PRENSA LATINA here today: "I cannot express a general opinion on whether the use of atomic energy is appropriate for all developing nations."

Blix said during a news conference that there are nuclear power plants in Mexico, China, and Hong Kong, but he stressed that "he had no criteria for whether the electronuclear option was appropriate for all underdeveloped countries."

"Cuba, however, has trained a large number of very competent persons to exploit nuclear energy, which is why I believe it is not an unreasonable option for Cuba," Blix emphasized.

Minutes earlier, Blix had defined nuclear energy as the "most important and spectacular" energy. Blix announced that by the end of this year or the beginning of 1996, economic feasibility studies on making the Juragua Nuclear Power Plant operational would be complete. Construction of Juragua has been on hold since 1992.

"The reports received from the experts are satisfactory, because this Russian reactor is different from the Chernobyl reactor. Although I understand that the Cuban partners want to buy its instruments in the West," Blix said.

"Of course, the matter of financing remains to be solved," Blix added, without specifying who the interested parties might be.

After acknowledging that the matter of nuclear radioactive waste is a very delicate question, the head of the IAEA said it was necessary to act responsibly to place radioactive substances in safe sites.

"I will not pretend that nuclear waste in good, but it can be isolated from the biosphere and deposited in the same places the uranium came from," Blix said.

During the conference, the expert praised Cuban efficiency in handling IAEA funds assigned to the country, which will reach $1.3 million in the next two years.

Blix also referred to conversations with President Fidel Castro, who told him that the Cuban Government intends to subscribe to the Latin American and Caribbean Nuclear Arms Nonproliferation Treaty (Tlatelolco), an event which some nations are anxiously awaiting," Blix affirmed.

## Ministry Spokesman on Russian Protocols, Rafters

*PA1501121795 Havana Radio Havana Cuba in Spanish 0000 GMT 15 Jan 95*

[Report by Mario Musoz, from the "Evening Information Review" newscast]

[FBIS Translated Text] In his usual weekly meeting with the press, Cuban Foreign Ministry spokesman Miguel Alfonso cleared doubts about compliance with the cooperation protocol between Cuba and the Russian Federation and the possibility of reaching new agreements this year.

[Begin Alfonso recording] We are instrumenting and implementing what remains to be complied with of the 1994 protocol. You will remember that the implementation of this protocol began late, therefore, it is no wonder that part of last year's protocol has yet to be implemented early in 1995. In addition, Russia is taking the necessary steps to start discussing the 1995 protocol. [end recording]

He also reported that early next month Deputy Cuban Foreign Minister Isabel Allende will make an official visit to Kazakhstan and a working stopover in Moscow. Alfonso also mentioned the second meeting of the Joint Commission for Cuba-Caricom [Caribbean Common Market] Cooperation to be held at the Palace of Conventions in Havana on 17 and 18 January.

[Begin Alfonso recording] This Caricom delegation, of which we have some details, will be headed by the secretary general himself, [words indistinct]. In addition to Lord Carrington, there will be high-level delegations from several Caribbean countries, which include delegations of the ministries for trade, agriculture, fishery, and cooperation of the area countries; the commercial and economic cooperation section of Guyana, St. Vincent and the Grenadines, St. Kitts and Nevis, and Antigua and Barbados. This morning, we received confirmation that the bilateral delegations will include Mrs. Janet Botswick, foreign minister of the Commonwealth of the Bahamas, who will stay in Cuba to discuss affairs of bilateral interest after this multilateral Caricom-Cuba meeting closes in Havana. [end recording]

Immediately thereafter, Havana will also host a meeting of the Caribbean Tourism Association with the participation of delegates of the area governments. The meeting will serve to discuss [words indistinct] and flow of tourists to the area in 1994. Asked about the possibility of opening in Havana Honduran and Costa Rican interest offices, countries with which Cuba has no diplomatic relations, Alfonso said this.

[Begin Alfonso recording] The Cuban Government has made official contacts about this. There is willingness to gradually restore normal relations and correct the irregularity represented by the lack of relations. There is nothing that could prevent normal relations between the two countries [words indistinct]. There is an agreement between the two countries on how this political willingness of the two governments to open offices of interests in Havana will be carried out. There is no reason [words indistinct] the arrival of Costa Rican culture minister. The details of where this office will be opened have not yet been worked out. Apparently, the Costa Rican Government wants this office to be opened at the Spanish Embassy. But, I am not sure about this. [end recording]

As for the Cuban rafters in Guantanamo who want to be repatriated, Alfonso said that another 134 returned recently and that in all, more than 800 Cubans have returned so far. He added that the U.S. Government's decision to send to Guantanamo the Cubans who are in the U.S. camps in Panama will be one of the subjects that the Cuban delegation that will participate in the New York immigration talks will try to discuss.

## Castro Interviewed on Future of Ties With Paraguay

*PY1301210495 Madrid EFE in Spanish 0006 GMT 13 Jan 95*

[FBIS Translated Text] Asuncion, 12 Jan (EFE)—In the course of an interview with Fidel Castro released today by an Asuncion radio station, the Cuban president said he hopes that his country and Paraguay will resume diplomatic relations "as soon as possible."

Castro told a Radio Primero de Marzo correspondent that "we are entirely in favor of that (of resuming diplomatic relations), and hope that the Paraguayan people and authorities decide to do so."

He went on to say that "in a way there is communication, a sort of relationship between our peoples, between delegations visiting both countries, and in meetings between heads of state at Ibero-American presidential summit meetings."

Castro believes that these contacts will lead Cuba and Paraguay toward another kind of relations, but he clarified that his country does not wish to exercise any kind of pressure in that direction, and that he has opted to "wait patiently and let matters turn out in a natural way."

The Cuban leader expressed his satisfaction for the support that his country had received last year from the Paraguayan Chamber of Deputies, which condemned the extension of the U.S. economic blockade against the Caribbean island.

"It was a very great stimulus, because we have suffered so much from this blockade, with these adversities, with this threat, and when from a distance we observe a people who remember us, who express their solidarity and support us, our fortitude for keeping up the struggle, our spirit, and our hopes are multiplied," Castro stressed.

Regarding Paraguay's current political climate, he indicated that this country has taken a great step with the process of democratization, although he considers "there is still a long struggle ahead for justice, equality, and progress for the Paraguayan people."

Castro made these remarks last night in Havana after meeting with a group of Paraguayan congressmen headed by Deputy Nery Filemon Gonzalez, vice president of the lower chamber, which is paying a courtesy call this week to the Cuban capital.

Paraguayans and Cubans have maintained no diplomatic or trade relations since the Caribbean nation was expelled from the OAS in 1962.

### Minaz To Assist Paraguay in Sugar Production

*PA1601182595 Havana PRENSA LATINA in Spanish 1837 GMT 14 Jan 95*

[By Javier Rodriguez]

[FBIS Translated Text] Havana, 14 Jan (PL)—The visiting Paraguayan delegation and local authorities signed yesterday in Havana a letter of intent regarding Cuban counseling and technical assistance to Paraguay in the sugar industry.

According to the document, the Cuban Ministry of Sugar Industry (Minaz) and its research institutes will assist the Republic of Paraguay in that area, particularly in Guaira Department, the principal area of sugarcane production in that South American country.

The consultations and official evaluations of mutual interests will continue in the first quarter of this year, and the corresponding agreements and contracts will be signed in the second half of 1995.

The Cuban counselling and technical assistance requested by the Paraguayan delegation, lead by Paraguayan Congress Vice President Nery Filemon Gonzalez, will involve everything that pertains to the transfer of technology for the cultivation of sugar cane, including mechanization, irrigation, and drainage.

It will also include the industrial process, the treatment of residuals, and the development of derivatives and by-products.

Cuba will support Paraguay in implementing programs to diversify the agricultural industry, doing feasibility studies and construction projects, and in the installation and startup of commercial plants.

Personnel training will be another area of cooperation, including and an exchange program that will allow Cuban technicians to travel to Paraguay, and Paraguayan executives and businessmen to travel to Cuba.

The letter of intent also advises that a group of Paraguayan businessmen and technicians attend the International Conference on Sugar and its Derivatives to be held in May 1995 in Havana.

Minaz Deputy Minister Gilberto Herrera signed the document for the Cuban officials, and Nery Filemon Gonzalez signed for the Paraguayan Delegation.

Raul Estigarria, president of the Industry, Trade, and Tourist Commission of the Chamber of Deputies; Ludmila Sanchez, vice president of the same commission; and Gustavo Adolfo Candia, president of the Energy Commission of the Chamber of Deputies, were present during the signing ceremony.

Leonaldo Martinez, president of the Production Activities Supervisory Committee of the Cuban Parliament, Cecilia Leon, an official of the local Foreign Ministry, and others were also present during the ceremony.

The delegation, which accepted an invitation from the National Assembly of the People's Government, will return to Paraguay on Sunday.

### Colombian Envoy Views Trade, Relations

*PA1701034295 Havana PRENSA LATINA in Spanish 1352 GMT 16 Jan 95*

[By Javier Rodriguez]

[FBIS Translated Text] Havana, 16 Jan (PL)—Colombian Ambassador to Cuba Ricardo Santamaria confirmed to PRENSA LATINA that Cuban-Colombian bilateral trade registered a marked increase in 1994, reaching its highest level in the last decade.

The diplomat said the commercial activity topped the $40-million mark, almost doubling the 1993 figure, which was approximately $25 million according to the final figures.

A significant increase was achieved in the tourism sector; a Colombian airline currently flies twice a week to the island, in addition to the weekly Cubana de Aviacion flight, and there are attractive programs for travelers.

Santamaria said a greater increase in trade is expected in 1995, based on agreements reached last year and strengthened relations, which were bolstered by the Colombian foreign minister's visit to Cuba.

Answering a question, Santamaria said he expects the priority tasks in developing those ties, established during the foreign minister's visit to the Antillean island, will be achieved this year.

The priorities include sponsoring economic cooperation in all sectors, developing a cultural program, and implementing various agreements signed in 1994, particularly those dealing with trade, health, agriculture, sports, and aeronautics.

The ambassador said: The two sides are interested in increasing bilateral trade, and I also believe Colombian investors will continue to explore specific possibilities of trading with Cuba.

Referring to this, work is currently under way to organize the convening of a Colombian-Cuban meeting, scheduled for late February in Santa Fe de Bogota, to review economic, cultural, and scientific cooperation.

Likewise, an appeal was issued in the South American country to national enterprises interested in investing in the island, urging them to state their wishes in the upcoming meeting and to prepare a subsequent visit to Havana for a first-hand knowledge of the possibilities to achieve this.

Finally, Santamaria announced that a course on Cuba will be offered at the national university in his country, after a course on Colombia was offered a few months ago in Havana.

### Honduras, Costa Rica Wish To Strengthen Ties

*FL1401031295 Havana Radio Rebelde Network in Spanish 0000 GMT 14 Jan 95*

[From the "Exclusive" program]

[FBIS Translated Text] Foreign Ministry spokesman Miguel Alfonso announced this afternoon that there is a willingness between the Governments of Cuba and Honduras to reestablish diplomatic relations and stressed that the first step would be the opening in Havana of a Honduran interests section office. During his weekly meeting with domestic and foreign media, Alfonso added that there is nothing blocking the establishment of full diplomatic relations since there is already trade and travel. Alfonso also pointed out that Honduras was recently elected a non-permanent member of the UN Security Council and that Cuba's support of that candidacy will be reciprocated. Alfonso explained that there is an accord between Cuba and Costa Rica to also open a Costa Rican interests section office, the details of which are being studied.

### Costa Rican Minister Comments on Visit

*FL1601024895 Havana Radio Rebelde Network in Spanish 1800 GMT 14 Jan 95*

[From the "National Radio News"]

[FBIS Translated Text] Costa Rican Culture Minister Arnoldo Mora's friendly visit to Cuba has served to strengthen and diversify bilateral relations, as well as to bring Cuba and Costa Rica closer. Mora is the first Costa Rican minister to visit Cuba since relations were severed in 1962. Mora said that the results of his visit have been very positive and pointed out that the policy of President Jose Maria Figueres' new administration of coming closer to Cuba differs from the policy of previous administrations in this area. The National Institute for Sports, Physical Education, and Recreation signed a letter of intent and the possibilities for exchanges in the areas of music, theater, dance, literature, and other areas were studied during Mora's visit. A total of 30 Cuban sports coaches are scheduled to arrive in Costa Rica next March.

### Foreign Minister Greets Caricom Delegation

*PA1701181395 Havana PRENSA LATINA in Spanish 0036 GMT 17 Jan 95*

[FBIS Translated Text] Havana, 16 Jan (PL)—"The community of Caribbean states can overcome any external pressure regardless of how strong it may be," Cuban Foreign Minister Roberto Robaina told PRENSA LATINA today on the occasion of the second joint Cuba-Caricom [Caribbean Common Market] meeting scheduled for tomorrow.

Robaina emphasized the importance of belonging to this regional bloc, and he pointed out that its members understand that Cuba should not be excluded. He pointed out that "they have a great deal to offer Cuba, but we also have a great deal to offer them."

The foreign minister expressed his gratitude to the 10 ministers of the region who paid a visit to the island to participate in the meeting which will conclude on 18 January.

He also noted that Cuba has to explain to the world that the important thing about economic relationships is that they should not depend on resources or power, but on interest in achieving economic integration.

After officially receiving the Caricom secretary general and the representatives of the 13 island member-nations of the bloc at the Foreign Ministry, Robaina said the Caribbean is a very strong region and that "it should be acknowledged that in uniting we will become a strong bloc."

Last year, trade in goods between Cuba and Caricom reached $35 million, some $5 million more than in 1993.

Jamaica, Guyana, Trinidad and Tobago, and Barbados are the largest countries of the region with which Cuba trades. As for tourism, a very large club operates at the Varadero resort with Jamaican capital while Cuba is participating with construction companies in Guyana and Jamaica.

Meanwhile, Edwin Carrington, secretary general of Caricom, told PRENSA LATINA about the creation in Havana of a Caricom trade office.

Carrington was very enthusiastic with the meeting that will be held here because "we are going to strengthen ties between the Anglo-Caribbean community and Cuba, which opens up important opportunities for joint cooperation."

### Thanks Caricom Officials

*FL1701033295 Havana Tele Rebelde and Cuba Vision Networks in Spanish 0100 GMT 17 Jan 95*

[From the "NTV" newscast]

[FBIS Translated Text] Cuban Foreign Minister Roberto Robaina officially welcomed Caribbean ministers who will participate in the second joint Cuba-Caricom meeting. Correspondents Nestor Pardino and Ray Rodriguez report:

[Begin recording] [Pardino] Robaina said that our country has much to thank Caricom [Caribbean Community] for and expressed Cuba's interest in strengthening its ties with the neighboring nations of this geographic area. Caricom Secretary General Edwin Carrington spoke of that organization's will to consolidate its ties with the largest island of the Antilles. The second joint meeting will begin tomorrow and will continue through 18 January. Its agenda includes, among other subjects, the possibility of opening a permanent Caricom office in Cuba. Participants in that meeting continued to arrive today.

[Rodriguez] Among the personalities who arrived for this conference was Caricom Secretary General Edwin Carrington, from Trinidad and Tobago, [words indistinct] Ricardo Cabrisas. Carrington said that the meeting that will begin tomorrow will be an opportunity to explore important areas of cooperation between Cuba and Caricom, which consists of 13 island nations.

[Carrington, in English with superimposed translation into Spanish] We have offered help in a series of spheres—such as technical information, communications, training in language—and we are now trying to advance in other spheres—such as biotechnology.

[Rodriguez] The position of these English-speaking Caribbean nations, which did not buckle under U.S. pressure, greatly influenced Cuba's integration into the Association of Caribbean States, created in June 1994.

[Carrington, in English with superimposed translation into Spanish] There is an annual resolution that the United States has presented to the United Nations on this whole issue, and the Caricom nations have always voted against this resolution. [end recording]

## Cabrisas Greets Caricom Ministers

*FL1801001195 Havana Radio Rebelde Network in Spanish 1800 GMT 17 Jan 95*

[From the "National Radio News"]

[FBIS Translated Text] Delegations from the English-speaking countries of the Caribbean, which form part of Caricom, are gathered today at the Convention Center in Havana City. Foreign Trade Minister Ricardo Cabrisas Ruiz heads the Cuban delgation to the second joint Cuba-Caricom meeting. In his opening speech, Cabrisas expressed Cuba's trust in the Caribbean countries, in their mission for justice, independence, and respect for the large and small countries. Cabrisas stated: We trust the Caribbean to make the economic and technological development of our peoples a reality. There has been a significant increase lately in trade relations between Cuba and the Caribbean. In 1994, trade between Cuba and the Caribbean reached $35 million, and the Cuban export of cement, construction materials, medicines, and salt totaled $8 million. These results indicate that there is a need for mechanisms to expedite the exchange. Cuba therefore maintains its proposal to negotiate and sign an agreement of trade and investment based on documents already presented to the Caricom secretariat. Caricom Secretary General Edwin Carrington's presence, and that of other high-level Caribbean leaders from the area, as well as representatives of the Association of Eastern Caribbean States and the private sector, is a sign of the Caribbean nations' support of the joint commission. Undoubtedly, the meeting will allow for the establishment of ties of cooperation and the exploration of areas for investment in our country by Caribbean businessmen.

## Storm Brings Hurricane Force Winds, Rain to West

*FL1401153895 Havana Radio Rebelde Network in Spanish 1255 GMT 14 Jan 95*

[Report by correspondent Cabrera Peinado in Pinar del Rio on the weather situation in the province, from the "Doing Radio" program—live]

[FBIS Translated Text] The situation is really serious in Pinar del Rio Province. The storm affecting the area is severe, with winds up to 220 km/hour, making the situation extremely difficult. Party and provincial government authorities, who are implementing measures and helping in any way possible, have evacuated 144 people. Roofs on houses are being totally destroyed and several government installations were damaged as well, particularly their roofs. In addition, 14 km of electric lines were affected, and there were many fallen trees. Caution is necessary, especially in the mountain area, due to falling trees and rocks. Also the streets are dangerous, therefore caution is essential when driving.

The rain sometimes slows in intensity, but increases suddenly later, however, it has been fairly steady since 0800 [1300 GMT] on Friday, and there are electrical storms. The gauge at the Pinar del Rio provincial station registered 99.3 mm [3.87 in.] of rain during the last 24 hours—or really 18 hours to be precise. In addition, 82 mm were registered in the club [word indistinct], also in Pinar del Rio Municipality; 81.2 mm in Paso Real; 54.3 mm in Bahia Honda in the North of the province; 35.7 in Cabo San Antonio; and 96 mm up to 0400 [0900 GMT] in the San Juan y Martinez Municipality, an amount which has probably increased greatly. San Luis Municipality, in the tobacco area, probably registers a similar amount of rainfall.

Pinar del Rio and Guantanamo are the provinces with most natural disasters, however, the defense councils and authorities are taking appropriate measures to reduce the consequences. Really, the rains are very welcome, but the winds and electrical storms have been affecting the tobacco activity, when planting and harvesting are at a critical stage.

### Recovery Focuses on Agricultural Cycles

*FL1701123195*

[FBIS Editorial Report] The following is a compilation of several news items carried by Havana Radio Rebelde "National Radio News" program at 1800 GMT on 16 January covering the damages caused by recent heavy rains throughout the Western provinces.

Heavy rains in the Western provinces caused the death of two forest workers in Pinar del Rio Province and another person was killed in Havana City when a building partially collapsed. Tobacco, tomato, and bean fields have been flooded in Pinar del Rio.

Radio Rebelde then carried the following recorded conversation between Jose Ramon Machado Ventura, Politburo member, and correspondent Felix Fernando Garrido:

Fernando asks, "What is the current situation and how is the repair work getting on?"

Machado responds, "Last Saturday and again yesterday we held a meeting where a brief summary of the main damage was given. The most important issues we discussed were that there are still seedlings to be planted. We must start replanting in those areas that have been affected and continue with the tobacco planting campaign. The same thing holds true for vegetables and miscellaneous crops. The harvest is totally paralyzed. Paths and roads must be repaired immediately so we can continue with the harvest in two or three days and no later. This was also mentioned at the meeting. We emphasized the spirit with which all of these tasks must be confronted. On Saturday and again today we have seen just how the people, workers, population, Youth Labor Army members, and military units are working and repairing as much as possible. I pointed out that the recovery must be complete. We can not talk about partial recovery. We must obtain the same production that we had estimated. We are starting a new year and we cannot forsake anything."

In Pinar del Rio Province efforts for a total recovery have already begun. All efforts are focussed in the agricultural sector.

In Havana Province, as a result of the heavy rains, 350 houses suffered damage, 500,000 plantain trees were knocked down, and over five caballerias of tobacco were affected. The Blas Roca Calderio Contingent is presently aiding in the repair and reconstruction efforts.

### Agricultural Sector Posts 'Slight Recovery' in 1994

*PA1501174395 Havana PRENSA LATINA in Spanish 1759 GMT 11 Jan 95*

[FBIS Translated Text] Havana, 11 Jan (PL)—Although Cuban agricultural production this year will hardly reach the levels achieved six years ago, it is possible that further drops have been halted, judging by official reports indicating a "slight recovery" in 1994.

In a recent assessment of the sector, Agriculture Minister Alfredo Jordan said the revival in production is due to the cooperativization of the countryside and to worker incentives.

Although the officials did not say which areas registered a slight recovery, it is known that the country's financial difficulties, a lack of technology, and labor fluctuations have some bearing on the fact that the results do not yet meet demand.

Livestock increased in Cuba last year compared to the previous year, despite having dropped by one-third [as received], and milk production dropped two-thirds in comparison to 1989, when the crisis still facing the nation began.

Cuba had 4.665 million head of cattle in 1994 compared to 7 million in 1989 and produced 350 million liters of milk in 1994 compared to 1 billion liters at the end of the previous decade, Jordan stated.

The authorities said that the slaughter of animals to guarantee a minimum quota of meat in the diet registered a slight increase but "failed to meet even the most urgent needs."

The agriculture minister, after ending a tour of the country's central provinces, said Cuba produced 21 million quintals of tubers; that is, 4 million less than in 1993 and 12 million less than the 1992 record harvest of 33 million quintals.

In view of the crisis, the government is seeking ways to improve the situation. In the agricultural sector, the so-called Basic Production Units were created through the transfer of old state-run farms to the peasants. There are currently 112,000 laborers on 1,200 units, only 60 percent of which are currently profitable.

Cuba has the difficult task of producing "food for the people," as Raul Castro, second secretary of the Communist Party, described it, amid a serious shortage of fuel, fertilizer, tires, herbicides, spare parts, and chemicals to fight plagues and diseases.

Sugarcane is the primary crop with a capacity for annual production between six million and eight million tonnes. As a result of the critical situation, however, only 4 million tonnes were produced in 1994, and slightly less is expected in 1995.

The authorities are focusing their efforts on agriculture. The "food program," considered to be of the highest priority, calls for the application of technology in agriculture and a higher concentration of resources.

Although this program was created several years ago, it has received strong boosts in past years through technological and organizational improvements and temporary or permanent incorporations.

Despite these efforts, it is obvious that the replacement of mechanical traction for animal traction, the effects of fuel shortages on the distribution of products, and the shortage of fertilizers and pesticides still have a negative effect on the final results.

### Reporter Dismisses Sugar Quota Cutback Rumor

*FL1401025595 Havana Radio Rebelde Network in Spanish 1800 GMT 13 Jan 95*

[Report by agriculture correspondent Diosdado Maso; from the "National Radio News"]

[FBIS Translated Text] We still have mills that have yet to meet their stride in conducting a short, efficient harvest. The 30 de Noviembre Mill in Pinar del Rio Province is one of these.

The Patria o Muerte Mill in Ciego de Avila, the Habana Libre Mill in Havana Province, and the Carbo Servia Mill in Villa Clara Province continue to set the pace needed to attain the highest possible yield from the available sugarcane, despite difficulties with resources.

By the way, a rumor has been circulating lately to the effect that as a result of the poor yield of our last sugarcane harvest and the difficulties being experienced in the current harvest, the ration book quota of refined and unrefined sugar is going to be reduced. The information I have from the Sugar Industry Ministry leads to me believe that reducing the sugar quota has not been considered at any point. The current situation, which allocates refined sugar for children up to their second birthday, is nothing more than being consistent with the fair treatment that characterizes the Cuban Revolution.

The delay in the distribution of the sugar quota is not the result of a cutback, but of availability at the Interior Commerce storehouses in each province. There is no cutback; it is merely a problem with availability at the Interior Commerce warehouses.

### CITMA Minister on 1994 Scientific Achievements

*PA1401043395 Havana PRENSA LATINA in Spanish 0204 GMT 10 Jan 95*

[By Argel Calcines]

[FBIS Translated Text] Havana, 9 Jan (PL)—The Cuban biotechnology sector has a strong infrastructure, that enabled it to register several pharmaceutical products in the EU [European Union] during 1994, Rosa Elena Simeon, Cuba's science, technology, and environment minister, said here today.

Commenting to the media on the main achievements of last year's scientific activities, Simeon expressed her confidence that Cuba "has set an example" in this area, which is considered one of the most important areas of the third scientific-technical revolution.

Among the products registered she mentioned PPG or Ateromixol, which is known for reducing the level of cholesterol in an organism, and the Suma technology for the diagnosis of different diseases.

She stressed it was also imperative that the biotechnological process be completed to guarantee the invitro fertilization of sugarcane, "precisely at the time the country needs it the most."

One of the leading objectives of the recently-created Ministry of Science, Technology and Environment (CITMA) is to reduce the time between obtaining results in the laboratories and implementing these results, because in this regard Simeon noted "there is still room for improvement."

A science and technology work center to determine which research projects merit the simultaneous establishment of production plants [capacidades productivas] has been created to save time, Simeon said.

This center belongs to the Agency for Science and Technology for Development [Agencia de Ciencia y Tecnologia para el Desarollo], one of four agencies through which CITMA will be able to channel its work to the senior levels of the ministry along with the work being done on the environment, information, and nuclear energy (peaceful use).

Simeon noted that CITMA, which has some 120 employees and eight labor directorates, is responsible for the country's scientific and technology policy, as well as ensuring that it is implemented. This will be done to promote the country's development.

The agencies will have to finance themselves since CITMA hopes to cover 60 percent of the budget with its own earnings, independently from the state, Simeon said.

For 1995, CITMA's goal is to increase by 30 percent its earnings in convertible currency from the sale of scientific-technical products and services, she explained.

In addition to concluding the scheduled scientific-technical programs, CITMA will create new projects in priority areas such as the production of food for human consumption, sugar production, biotechnology, the pharmaceutical sector, and renewable sources of energy.

With regard to the latter, Rosa Elena Simeon met with Hermann Scheer, a member of the German parliament and president of Eurosolar, which is an organization that supports the World Conference on the Use of Biomass for Energy, Development, and the Environment. This conference will begin in Havana tomorrow.

## Inter-Caribbean Affairs

### Guyana Invites Caricom States To Share Mission in Cuba

*FL1601210295 Bridgetown CANA in English 1937 GMT 16 Jan 95*

[FBIS Transcribed Text] Georgetown, Guyana, Jan. 16, CANA—As Caribbean Community (Caricom) countries prepare for the second Caricom/Cuba joint commission meeting in Havana Tuesday, Guyana's Foreign Minister Clement Rohee reported Guyana has finalised an agreement with Jamaica to have joint representation in Cuba. Rohee, speaking to CANA Monday, said the two countries had worked out an agreement where they would share office space at the Guyana mission in the capital, Havana.

Guyana established diplomatic relations with Cuba in 1972 during the administration of late President Forbes Burnham. It is the only Caricom country with a permanent mission in Havana.

"We have offered the facilities of our mission in Havana...so that country (Jamaica) will be able to advance their own interest," Rohee said. "We in Guyana have been using that mission to advance our interest, but if other Caricom countries want to join that kind of arrangement we have no problem with that," he added. The foreign minister said talks were in progress with Jamaican Foreign Ministry officials about the new arrangement in relation to budgeting, the sharing of resources, and how to assist other Caricom countries who wished to share the facility.

Commenting on the joint commission meeting, Rohee said he expected that it will, "in practical terms", strive to implement some of the ideas that led to the creation of the Caricom/Cuba commission. The commission, set up to deepen trade and economic co-operation, held its first meeting in Georgetown in December, 1993.

"I hope that arising out of this meeting, Caricom countries, from their side, would be able to benefit much more from the advances which Cuba has made in the social sectors, both in education, health and human services," said Rohee. He noted the social sector in many Caricom countries needed a lot of technical expertise. "Since Cuba has made tremendous advances in this area, I think it is necessary for us (Caricom) to draw whatever benefits we can from Cuba to fit our particular needs," Rohee explained. He added Cuba could benefit from closer association with other Caricom countries since, "we have a lot of expertise and experience in dealing with a free market economy".

"In any case, I hope the Havana meeting will result in mutual tangible benefits for our countries."

Media reports out of the Georgetown-based Caricom Secretariat say the regional body will propose the opening of a joint economic and trade office in Havana at the meeting. The Caricom delegation, led by secretary-general Edwin Carrington, will also push for trade and investment, cooperation in technology, the environment and the exchange of information in certain areas.

Guyana Foreign Ministry officials said Cuba was working on a new investment law which would grant more protection to potential investors as well as study new forms of investment for its sugar industry and service sectors. Last year, Cuba exported U.S.35 million in medicine, salt and construction material to Caricom.

### Cuba-Caricom Meeting Sets Objectives

*FL1801024695 Bridgetown CANA in English 2153 GMT 17 Jan 95*

[FBIS Transcribed Text] Barbados, Jan 17, CANA—The second meeting of the joint Caricom/Cuba Commission opened in Havana Tuesday with Caribbean and Cuban officials set to review the objectives and implementation of an action plan established by the first meeting in 1993. The action plan has as its major objective the development of programmes in a number of key trade and investment areas.

"The meeting will discuss technological cooperation in the areas of biotechnology, farming, fishing, sugar and agro-industry and, during its examination of the Action Plan, will also examine progress in the areas of culture, human resource development, environment, civil defence, and meteorology ..." a statement from the Georgetown-based Caricom Secretariat said. "Also high on the agenda are issues related to the promotion of trade and investment between Cuba and Caricom particularly at the private sector level," the secretariat added.

The two-day meeting is also assessing the progress made in the development of links between the Cuban Chamber of Commerce and the Caribbean Association of Industry and Commerce (CAIC). New proposals for the development of "mutual arrangements", a discussion on possibilities for joint projects with the participation of third parties will also be addressed, the secretariat reported. Caricom Secretary General Edwin Carrington, who is heading the Caribbean's delegation to the meeting, welcomed Cuba's participation in the Caricom grouping.

"Before December 1993, when the agreement establishing the joint Caricom/Cuba Commission was signed, Cuba, the largest of the Caribbean islands, was the only independent country which was outside the system of relations envisaged by Caricom," Carrington told the meeting. "This gap had to be closed. As secretary general of the Caribbean Community, I am particularly pleased to be a participant in this historic process," he added.

## Cayman Islands

### 'Phased Program' of Refugee Transfers to Guantanamo Sought

*FL1501204595 Bridgetown CANA in English 2108 GMT 14 Jan 95*

[FBIS Transcribed Text] George Town, Grand Cayman, Jan. 14, CANA—Ninety-one Cuban refugees from the Cayman Islands were flown to the detention camp at the U.S. Navy's Guantanamo Bay Naval Station in Cuba Friday. Cayman officials hope this will be the first flight in a phased programme of transfers to the camp.

The U.S. government had agreed in December to accept up to 900 Cubans from the Cayman Islands after four months of diplomatic efforts between U.S. and British officials to secure visas for the Cubans directly into the U.S. failed.

All 91 Cubans volunteered for the transfer. The group was composed primarily of families, with children, adults over 60 years of age and several people with chronic illness. Cayman Immigration officials said there were three infants: one 11 months and two one- year olds. Sixteen of the group are children between two years and 15 years and nine between the ages of 16 and 18. Five people are between 60 and 81 years old. There are 22 family units in the group.

U.S. authorities said in December that Cubans from the Cayman Islands, a British dependency, who go to Guantanamo will receive the same consideration for any humanitarian visa programme as those already at Guantanamo. There are approximately 20,000 Cubans at the Guantanamo refugee camp, a U.S. official said Friday.

With the departure of the 91 Cubans, 985 Cuban asylum seekers remain in the Cayman Islands at the government-run Tent City refugee camp in George Town, the territorial capital. At the height of the Cuban exodus in September 1994, the camp held 1,193 Cubans. Since that time, 41 have been given political asylum in the Cayman Islands, 53 have voluntarily returned to Cuba and 23 have left by boat for Central American countries such as Honduas or Mexico.

## Dominican Republic

### Mistreatment of Haitian Emigrants Described

*95CA0095B Santo Domingo EL NACIONAL in Spanish 21 Dec 94 p 42*

[Report by Abinader Fortunato]

[FBIS Translated Text] The Dominican Human Rights Committee (CDH) and the Dominican-Haitian Women's Movement (Muda) have complained that some 500 Haitians have been held involuntarily in sugar mill compounds in Sabana Grande de Boya and prevented from contacting anyone outside, after being brought to the country "under false pretenses" to cut sugarcane. Now the organizations fear that a wave of repression will be unleashed against them for making the revelations.

This was stated on Tuesday by Mr. Virgilio Almanzar, president of the CDH, and Sonia Solain of Muda. They indicated that since accounts of the Haitians' plight were given to the newspaper EL NACIONAL, "people fear for the worst."

Almanzar confirmed the humiliating and dehumanizing situation to which the Haitians were subjected after they were recruited by "rogues" who allegedly operate a network of civilian and military connections in Haiti and the Dominican Republic. He said that Dominican authorities are trying to deny or downplay the situation.

"It is not a matter of alarming people or creating problems for anyone; what we have here is a state of injustice that is harmful and that disturbs the conscience of any human being. It is a violation of human dignity and of the rights of man," stated Almanzar.

The human rights activist indicated that there is concern and fear in the CDH and Muda because of the atmosphere of tension prevailing in the Juan Sanchez district, where about five sugar mill compounds are located. The Haitians, who are asking to be returned to their country, might rebel, as they do not want to perform forced labor and have been subjected to overcrowded living conditions by the managers and foremen of the sugarcane fields.

"We are asking the authorities of the government, of the State Sugar Council (CEA), and of the Foreign Ministry to act responsibly, to take a firm stand prohibiting any abuse or atrocity in the sugarcane fields, and to repatriate the Haitians brought against their will to the sugar mills of Boya and return their belongings to them," he declared.

He noted that both the CDH and Muda have evidence to back up their complaints, which they can present to the government, the CEA, and other official entities.

They warn that if the situation persists in the Juan Sanchez, La Pista, Piraco, Batey Nuevo, La Altagracia, and Cojobal sugar mill compounds, they will file complaints with the UN High Commissioner for Refugees (UNHCR), the Organization of American States (OAS), and the International Labor Organization (ILO).

It was revealed today that the Foreign Ministry and the CEA yesterday sent a message to the Haitian Embassy in this country denying the accusations.

Some news media reported yesterday, however, that CEA Director Juan Hernandez Kunhardt denied the complaints but launched an investigation into the matter. He reportedly said that his agency has had no link to Haitians being transported across the border.

### Editorial Notes Improved Ties With Haiti

*95CA0095A Santo Domingo LISTIN DIARIO in Spanish 26 Dec 94 p 6*

[Editorial: "Island Rapprochement"]

[FBIS Translated Text] The two governments on the island have been adopting measures with a view to achieving a better understanding and closer cooperation between the Dominican Republic and Haiti.

The signing of an agreement for health cooperation along the border is the most recent link in the chain of rapprochement on the island.

In addition, the increase in trade, primarily Dominican goods going to Haiti, reflects a return to normalcy in relations between the two countries.

Talks among businessmen to promote closer trade and cooperation are aimed at creating an atmosphere of mutual aid and trust.

Other efforts to establish joint programs along the border are an indication that a rapprochement is taking place without the fears of the past. The development of the island is their ultimate goal.

A lot can be done to strengthen ties so that the rapprochement will take the form of mutual cooperation and a joint assault on the problems along the border.

The reforestation program, which the National Army and other Dominican organizations have launched, should be duplicated on the other side, so that Haitians can be helped to combat the desertification of their land.

There is an island spirit that welcomes close cooperation between the two countries.

The two governments are aware of that sentiment when their health ministers sign agreements to develop common programs in their areas of government responsibility.

## Electoral Board's Challenges Cited

*95CA0095C Santo Domingo EL NACIONAL in Spanish 25 Dec 94 p 4*

[Report by Pedro Gonzalez Candelier]

[FBIS Translated Text] The race against time to stage the 1996 presidential elections and convincing the nation of its impartiality are the two great challenges facing the Central Electoral Board (JCE) in the new year.

Cleaning up the voter rolls is the most delicate task ahead for the board, given the lack of faith among the parties, especially opposition parties. They contend that approximately 200,000 of their members were excluded or replaced in past elections.

This was confirmed by the Verification Commission appointed by the JCE to investigate the opposition's complaints of irregularities in past elections.

Furthermore, the board must correct duplicate ID cards, cards with data from deceased persons that were used by individuals to vote in past elections, and other documents issued on the basis of false information.

But it cannot begin to clean up the voter rolls until the new director of computation takes office, filling the vacancy left by Mr. Armando Garcia. The board canceled Mr. Garcia's contract because of his implication in the irregularities of the previous elections, and because he was "unmanageable," according to the board members.

Dr. Cesar Estrella Sahdala, president of the JCE, announced that next Thursday directors will be chosen for the Computation Center, the Elections Center, the Voter Registry, and other offices that he declined to name.

He stated that the names of these officials will not be made public until the political parties are informed, in case they have any objections.

Another item on the JCE's agenda is the restructuring of the Civil Registry Offices. According to Estrella Sahdala, in some offices birth certificates were forged during the last electoral process. One of the purposes of such forgeries was to get lenient sentences for adults in juvenile courts.

Issuing late declarations was one of the most frequent practices in many Civil Registry Offices, especially in the southwest and some in the National District, say the political parties.

The restructuring of the municipal electoral boards where irregularities were reported is another challenge for the JCE. Estrella Sahdala announced that in early January the parties will be called to a meeting to hear his suggestions in this regard.

The board has submitted a budget of about 153 million pesos to carry out this work, and it hopes the Budget Office will disburse the money in time.

Estrella Sahdala is confident that this will happen, because President Joaquin Balaguer made him a promise to that effect when the new board visited his office in the National Palace last month.

### Confidence and Impartiality

After only two months on the job, the current members of the JCE have won expressions of confidence from political party leaders, who understand that their intentions are good.

But since "the road to Hell is paved with good intentions," they argue that this is not enough, and they are asking the JCE to monitor itself and all its officials to avoid raising suspicions in the electorate.

The Dominican Revolutionary Party (PRD) delegate to the JCE, Sofia Leonor Sanchez Baret, questions the choice of people, who in her opinion are not reliable, for the task of issuing voter registration cards, which resumed last Monday.

## Exchange Rate Policies Accepted

*95CA0095D Santo Domingo LISTIN DIARIO in Spanish 22 Dec 94 p 1F*

[Report by Pedro Caba]

[FBIS Translated Text] The Association of Commercial Banks of the Dominican Republic (ABCRD) has accepted the proposal of the Central Bank (BC) and instructed its member banks to begin negotiations with the BC for the sale of their available dollar reserves, which amount to $42 million.

According to a memo from the ABCRD, it agrees with the provision announced by the BC governor, Mr. Hector Valdez Albizu, to unify the exchange rate across the board for the three markets: official exchange, authorized bank, and nonbank.

"The ABCRD urges its member banks to offer the greatest possible cooperation to monetary authorities regarding the sale of their available dollar reserves to that institution," says the statement.

It praises Valdez Albizu's proposal as "a positive step toward strengthening the exchange system."

"We are reiterating our support for the proposal to purchase the dollars held by commercial banks, as part of the initiative announced by Governor Valdez Albizu on 15 September," it says.

Valdez Albizu had indicated that he would offer to buy the reserves of the commercial banks at the official rate of 12.87 pesos to the dollar, or any other rate that could be agreed upon in the negotiating process.

He explained that when the rates on the three markets are unified, a "band" covering five points will be established. The exchange rate will be able to move freely within that band on any of the three markets.

In the last few weeks, commercial banks have more than doubled their average daily dollar reserves because the supply of that currency for sale exceeds the demand for it.

The BC governor had said that the sale of dollars, while strengthening the BC's reserve position, would help put a corresponding amount of pesos in commercial banks' hands, thus increasing the amount of credit available and driving interest rates down. All of this will help activate the nation's economy.

In addition, he noted that an operation of this type heads off the possibility that commercial banks, with their large dollar holdings, might suffer considerable losses due to exchange rate fluctuations, which would affect their financial position.

### Free Trade Zone in Salcedo Announced

*95CA0095E Santo Domingo LISTIN DIARIO in Spanish 20 Dec 94 p 1E*

[Report by Jose Miguel Feliz]

[FBIS Translated Excerpt] The director of the Industrial Development Corporation (CFI) announced yesterday that the government will establish a free trade zone in the city of Salcedo at an investment of 14 million pesos.

Dr. Victor Gomez Berges stated that the government is very interested in the construction of the industrial park, and reported that plans for the project have been completed. Work is now under way to update the budget so that the field work can begin early in the new year.

He indicated that the free trade zone will reduce the unemployment rate because it will initially result in the creation of more than 1,000 jobs, both directly and indirectly, which will translate into a more dynamic economy in the province.

Gomez Berges and the executive director of the National Council on Free Trade Zones, Acelys Angeles Glass, met with business, retail, and community associations and agreed to join efforts to make the project a reality. [passage omitted]

Gomez Berges emphasized the efforts being made by these people, and stated that President Joaquin Balaguer is reciprocating by approving a great investment to build the infrastructure of the free trade zone: warehouses, buildings, streets, and other services. [passage omitted]

## Haiti

### Police Retraining Courses Begin; Human Rights Stressed

*FL1801013995 Port-au-Prince Radio Metropole in French 1145 GMT 17 Jan 95*

[FBIS Translated Text] Retraining courses for the former military, now members of the interim police force, are resuming on 17 January. About 200 policemen are due to attend these courses, based on respect for human rights, at the former Application Camp. The courses will be guaranteed under the direction of the ICITAP [not further identified] agents. Rothschild Francois questioned the commander of the interim police force, Major Dany Toussaint:

[Begin recording, in Creole] [Toussaint] It is about human relations, human rights, how to handcuff someone, things at an officer's level.

[Francois] What will happen in the provinces? Do you intend to go to the provinces?

[Toussaint] We plan to visit the capital first and later the provinces to learn about their problems and to bring solutions to those problems. We will also express our expectations to those in the provinces because we think that the old system of repressing and beating people up must change. The police must begin serving and protecting the population. This is the new directive of the interim force.

[Francois] We know that many police stations were destroyed during the U.S. intervention. How will these posts be rebuilt?

[Toussaint] We are working on that. We have all the data, although all the help and promises we received have not yet materialized. We hope that the people who promised to help will do something very soon. There are various posts in Petionville, Musseau, and other locations that are very important, but they were destroyed. We are studying the problem to find a solution.

[Francois] What are the other possibilities that the former military you met today offered you? How are your relations?

[Toussaint] I think it is teamwork. I told them that it is a team at work, and I expect everyone to collaborate. It is not like having a command and troops. We accept all suggestions. Furthermore, we studied modern management, and I believe we must accept the feedback of the people who are going to be affected by the decisions. We must then make the people participate in the decisions so they can agree on them. The decision will then not affect the people. [end recording]

### Prime Minister Discusses New Police Force

*FL1801031195 Port-au-Prince Radio Metropole in French 1700 GMT 17 Jan 95*

[FBIS Translated Text] Our reporter Guy Delva interviewed Prime Minister Smarck Michel regarding the process of forming the new national police force:

[Begin recording, in Creole] [Michel] The preparation of the police force in the short run is a program that was more or less established with funds allocated for that purpose. That preparation has therefore begun. Now the country must decide for itself, in the medium and long term, how it wants to prepare the police school. If I had money in my pockets, I would open nine police schools in the nine departments so that we would have more policemen in a shorter time. It is a money problem. What was planned was a police academy in Port-au-Prince for the moment, which is training 375 policemen every four months. We are working to see if more police schools can be opened to decentralize the police force.

[Delva] What about the Army? It appears that the Army is no longer functioning. The Army no longer exists right now. Some Army members complain that they have not received their pay. Is the government working on that?

[Michel] The Army members received pay through their last month of service. Many of them are retrained in the interim police force. They will therefore continue to be paid. We are offering to those we are not keeping and who are not retrained, jobs in certain ministries. If they accept, they will be reclassified. There is also a USAID training program they can attend. I believe this case is being studied. Some people might be in more of a rush than others, and some people may wish to destabilize. I believe that if everyone remains calm... [pauses] the project is being studied and can be fulfilled under better conditions. [end recording]

### Interim Police Officials Meet New Officers

*FL1701225995 Port-au-Prince Signal FM Radio in Creole 1230 GMT 17 Jan 95*

[FBIS Translated Excerpt] Interim police officials, on the morning of 16 January, met with numerous prospective executives of the Motor Vehicle Service [as heard]. About 161 officers of the Haitian Armed Forces, now members of the interim police, responded to the convocation of new police corps officials. Major Dany Toussaint said the meeting was so the new commander of the police force could advise of the philosophy to be applied as part of the reorientation of the police, which has been established by the forces of order. The head of the interim police said it is very important to promote respect for human rights in Haiti.

[Begin Toussaint recording] First, it was a contact with all the commanders who will have responsibility for tasks throughout the country. I think it is normal for officials to meet with all those who will have reponsibility. Now, one of the things we will try to do is let the men know that everyone will receive training. All commanders spent six weeks... [pauses] six days at the ICITAP [expansion unknown]. Then we will indoctrinate them in the philosophy of the command, to respect human rights in the streets, while being firm. There will be no anarchy, in which anyone does whatever they want. This is the kind of thing we are going to talk about. [passage omitted] [end recording]

### Demobilized Military Offered Employment Options

*FL1801021795 Port-au-Prince Radio Metropole in French 1700 GMT 17 Jan 95*

[FBIS Translated Text] The demobilized military are invited to return to the posts to which they were assigned. From 17 January to 20 January, the demobilized military will need to fulfill certain formalities regarding a return to civilian life. Two options will be offered to them: participation in a free course of accelerated technical and professional training, a diploma for which will facilitate their entry into the job market; or to obtain a job with one of the Ministries, such as Agriculture, Health, or Public Works. In either case, these demobilized military will receive a monthly paycheck. However, in order to benefit from the options, the demobilized military individual must present himself to his most recent military unit with his former military identification card, between 17 and 20 January.

Regarding the new police force, the state secretary of justice's office, which is in charge of organizing and running the force, reasserts that the registrations submitted between 4 and 7 January remain the only valid ones.

### Government Submits Electoral Bill to Parliament

*FL1801001095 Port-au-Prince Signal FM in Creole 1230 GMT 17 Jan 95*

[FBIS Translated Excerpt] The main news today is that the government has submitted to the parliamentary ultimatum that the electoral bill be submitted to parliament before the legislators would vote on the budget. On the afternoon of 16 January, Prime Minister Smarck Michel delivered an electoral bill, accompanied by a letter from President Aristide, to the Chamber of Deputies. Responding to this action by the executive, Chamber of Deputies President Frantz Robert Monde paid homage to President Aristide and Haitian Prime Minister Smarck Michel, who personally delivered the electoral bill to Parliament. A statement by Monde commending the good faith of President Aristide also included an invitation to deputies to be present today in the lower chamber to carry on with the budget work.

President Aristide's spokesman Yvon Neptune told the Haitian Press Agency on the afternoon of 16 January that it is not in the interest of the executive to promulgate this bill without parliamentary approval. He added that the executive does not intend to hamper the progress of the state to democratize the country, which was relaunched on 15 October 1994. Neptune also said that the statements he made during the news briefing on 11 January at the National Palace, statements concerning the electoral bill, were distorted by some journalists.

In a 13 January letter to President Aristide, Chamber of Deputies President Frantz Robert Monde had informed President Aristide of the decision by the assembly of deputies to provisionally suspend examination of the 1994-1995 budget while pending submission of the electoral bill to Parliament. Firmin Jean-Louis, president of the National Assembly, expressed disagreement with the deputies' decision to obstruct work on the country's budget because, in his opinion, the executive already had the intention of sending the bill to parliament. The decision to suspend work on the national budget was also denounced by National Front for Change and Democracy's Fignole Jean-Louis. The decision to suspend work on the 1994-1995 budget while awaiting the government's submission of the electoral bill had been proposed by Alliance for Parlimentary Cohesion Deputies Rita Frederic Moncoeur and Josue Lafrance.

The bill has been delivered. Deputy Monde says he thinks the elections remain a priority for the country at this time, although he explains that all other laws in the Chamber of Deputies will be voted as soon as possible following the vote on the electoral law. [passage omitted]

## Senate Budget Vote To Follow Lower Chamber's Verdict

*FL1701225895 Port-au-Prince Signal FM Radio in Creole 1230 GMT 17 Jan 95*

[FBIS Translated Excerpt] The spokesman from the upper chamber's Finance Commission says he is awaiting the deputies' decision before providing a final verdict on the Republic's budget law. Senator Julio Larosiliere says the members of the Commission have already done a great deal of work and are awaiting the executive's submission of the electoral law to Parliament. Let us listen to Sen. Larosiliere's comments to reporter Kenol Dorvil.

[Begin Larosiliere recording] The Constitution compels the lower chamber to vote on the budget before sending it to us in the Senate. Then after the vote of the national budget by the Chamber of Deputies, we can initiate a vote. [passage omitted] [end recording]

## Zedillo Announces National Political Accord

*PA1801025895 Mexico City Radio ACIR Network in Spanish 0046 GMT 18 Jan 95*

[Speech by President Ernesto Zedillo Ponce de Leon, on the occasion of the signing by political parties of commitments to a national political agreement, from the Adolfo Lopez Mateos Room at Los Pinos Presidential Residence in Mexico City; from the "Evening News Panorama" newscast; broadcast in progress—live]

[FBIS Translated Text] ...today, we Mexicans are aware that democratic progress can only be achieved through dialogue. Today we reiterate that dialogue can be established without sacrificing our differences. Today we reiterate that missed opportunities to hold dialogue cannot strengthen our authority. Missed opportunities do not safeguard stability and they do not contribute to the country's political development.

Dialogue is the irreplaceable mechanism to build democracy. Democracy is the fundamental principle of our policy. It is the most precious element for the citizens' coexistence. It must be the common ground that can guide our participation in our social life. Mexicans want a democracy in keeping with our history. We want a democracy in keeping with our rich heritage. We want a democracy in keeping with the Mexico we want for our sons. We can all relate to that feeling. We all identify ourselves with this conviction. We must all unite for this purpose. That is why we unite to make democratic progress.

Democratic progress is everyone's duty. It is everyone's responsibility and it will be everyone's achievement. Democracy cannot be imposed by a government, by a party, or by an ideological trend. Democracy must be built with everyone's participation at all times and at all places. That is why these commitments signed by political parties today for a national political agreement are important. I am honored to witness their signing.

It is a first step, an unprecedented step toward a full-fledged democracy. The exercise of democracy is based on the achievement of a consensus and respect for dissent. The construction of its fundamental bases must be removed from insult. It must be removed from impositions even if the majority promotes them. The construction of democracy must satisfy everyone so that it can be respected and protected by all.

That is why the commitments signed today mark the beginning of a political agreement that we are going to achieve only through full consensus. Only a well-built consensus can guarantee respect for rules and political debate in an atmosphere of social calmness.

Starting today, democratic progress will be based on a national dialogue for government reform. It is a reform that will lead us to a presidential regime where there will be a better balance with the other branches of government and where there will be a strict observance of our political constitution. It is a reform that will consolidate a republican system in which the relations between the executive, legislative, and judicial branches will be based on a genuine autonomy and respect. It is a reform in which we will move toward a new federalism where states and municipalities will be stronger because of their capability of making decisions for the benefit of their communities.

Government reforms demanded by Mexico must eradicate suspicions and reproach that tarnish our election processes. That is why dialogue and consensus, which will be promoted by the national political agreement, will surely include a definitive electoral reform that will include all the topics that for a long time have been the cause of discontent.

This will include the financing of political parties, maximum campaign expenditures, full access to the media, and the full autonomy of the electoral organizations.

This reform will mean the strengthening of political life with a basis on clear and firm principles of equality in compentition, civility during campaigns, and acceptance of the authority emerging from the elections.

We Mexicans want electoral democracy to be a source of certainty and stability and not a source of offense, anger, and division.

This is why commitments to a national political agreement must contribute to this definite electoral reform that Mexico requires.

Electoral democracy must guarantee equitable and clear competition so that all municipal, state, and federal elections may leave us satisfied regardless of results. A trustful and clear electoral democracy is the argument that best demonstrates that public order is just as important as the exercise of liberties.

The commitments signed today serve to confirm our common desire to move toward a full democracy ruled by strict abidance by the law, forged in the framework of a respectful dialogue and a responsible exercise of politics enriched by a permanent republican identity.

On behalf of the government, I especially acknowledge the participation of the National Action Party, the Party of the Democratic Revolution, the Labor Party, and the Institutional Revolutionary Party, for their commitment to democracy.

Today we must also acknowledge the effort that many citizens and social organizations have made for democracy for many years. Their efforts have not been in vain.

This is a first step toward the unity for the democracy that Mexico requires. This is the first step toward the democracy to build the unity that Mexico needs.

Today's Mexico needs growth, well-being, stability, peace, security, and justice. To secure this and other urgent goals, our country must strengthen the relations among the citizens and between them and the state with a new link, the only link that guarantees accord: democracy.

Mexico is taking right here and right now the first step toward a full-fledged and unblemished democracy. A historic period has ended here and now. A new one begins. It depends on us whether future generations will remember the signing of these commitments for a national political agreement as the birth of the new Mexican democracy. I am absolutely sure we will not let them down. Thank you very much.

### Secretary Announces Commitments

*PA1801035095 Mexico City Radio ACIR Network in Spanish 0000 GMT 18 Jan 95*

[Speech by Government Secretary Esteban Moctezuma Barragan from the Adolfo Lopez Mateos Room at Los Pinos Presidential Residence in Mexico City; from the "Evening News Panorama" newscast; broadcast in progress—live]

[FBIS Translated Text] ...these are the fundamental values of all Mexicans. We have the will to strengthen our democratic regime and to achieve a full-fledged state of law. Dialogue and the observance of the law are the proper means to promote change. Various political and social groups have spoken out [two-second break in reception] among parties.

The people have shown clear signs of their maturity, democratic conviction, and interest in strengthening our institutions and political processes. Political parties have demonstrated their capability to achieve important agreements for democratic change in an institutional framework of pluralism. That reason is why the National Action Party, the Institutional Revolutionary Party, the Party of the Democratic Revolution, and the Labor Party have agreed to sign the following commitments for a national political agreement:

Political reform. We have agreed to promote the resumption of a national dialogue for political reform with the participation of all national political forces with a genuine spirit to achieve consensus. The purpose of our reform is to strengthen democratic relations between the branches of government as well as between them and state and municipal governments. We also want to strengthen democratic relations between public institutions, political parties, and our civilian society.

The most urgent step in consolidating Mexico's democratic reform is electoral reform. In this regard, the commitment we have made is to make immediate progress in drafting a definitive federal electoral reform. It is important to establish conditions that can allow us to democratically resolve our electoral problems so the nation can be in a better position to find solutions to the most urgent economic and social challenges and problems.

We agree to promote, with strict respect for state sovereignty, electoral reforms in state organizations to include points from our federal electoral reform. We agree to promote political reform in the Federal District with the participation of the people. We agree to guide ourselves in accordance with the law. The law must be observed and applied so we can ensure the prevalence of the state of law. We have agreed to promote the observance of the law and honesty in upcoming elections. To achieve this aim, we have agreed to adopt the necessary reforms.

We have agreed to immediately resolve the post-electoral conflicts within the framework of the law, justice, and mutual respect. We have agreed to guarantee no post-electoral actions will be taken by any of the parties involved, a point which could undermine the legal framework and respect for institutions, once the electoral reforms are concluded and once the legal nature of the elections have been established.

The federal government and political parties reiterate their commitment to guide their political activities in accordance with the law and out of respect for the rights and obligations as established by the Constitution.

To initiate the task we have just mentioned, a negotiation table will be set up to assign specific duties to promote agreements between the federal government and the national executive committees of all political parties. To support this political agreement, the government of the republic agrees to comply with its responsibilities and to promote the adoption of substantial democratic reforms at the state level without violating its sovereignty.

### PRD Leaders Meet With Zedillo for First Time

*PA1401172595 Mexico City XEW Television Network in Spanish 0430 GMT 14 Jan 95*

[From the "24 Hours" newscast; passages within quotation marks are recorded]

[FBIS Translated Text] For the first time since its founding, the PRD [Democratic Revolutionary Party] entered Los Pinos. President Ernesto Zedillo received PRD President Porfirio Munoz Ledo and other members of the PRD National Executive Committee today. This is the first time in history that PRD leaders have spoken with the president about various topics. The PRD leaders were at Los Pinos for over two hours.

Porfirio Munoz Ledo was the first to speak at that meeting, and the president answered:

[Zedillo] "As I see it, the basic point of a democratic electoral system is genuine, just competition among political parties. This leads us to say that the task at hand is not only to establish those rules but to use them to establish in Mexico a real multiparty system. Some of these parties already exist and have shown their electoral strength, but they are dissatisfied with the rules and procedures of the status quo."

All points on the broad political agenda were discussed. The president referred to other topics.

[Zedillo] "In Mexico, we need a balanced democracy. We honestly need a strong leftist party that is respected and competitive. Right now that party is and could continue to be the PRD, a party that only a few years after its founding received close to 20 percent of the vote in the August 1994 elections. That is a much higher percentage than any leftist party has ever received in the history of Mexico."

The president responded to other questions from Mr. Munoz Ledo.

[Zedillo] "I reiterate my view that as part of a political solution; it is difficult or practically impossible to expect the initial positions to be the final positions; that is, those that will lead us to a good negotiation."

That is what the president said about the Chiapas conflict, but he added that the government is open to negotiations.

Mr. Munoz Ledo later held a news conference, giving his viewpoints on this dialogue during which all the topics he suggested in his opening statement were discussed. He spoke about a political agenda and explained some details of the talks with the president, who was accompanied by Government Secretary Ernesto Moctezuma.

### PRD President Holds News Conference

*PA1401181195 Mexico City XEW Television Network in Spanish 0430 GMT 14 Jan 95*

[From the "24 Hours" newscast; passages within quotation marks are recorded]

[FBIS Translated Text] President Ernesto Zedillo met with members of the Party of the Democratic Revolution [PRD] National Executive Committee at Los Pinos. This is the first formal meeting the PRD has held with a president of the republic. At the end of the two-hour meeting, PRD President Porfirio Munoz Ledo hosted a news conference. He said they discussed economic and political topics in broad, frank talks and talked about a political agenda.

[Munoz in progress] "... the need to give the country the democratic stability and governability that makes it possible to face the big challenges it is experiencing, to maintain its sovereignty, and to redirect a policy of shared development." They also discussed a final electoral reform in which the political parties and society participate.

[Munoz in progress] "... an electoral reform approved by all. For that reason, if the terms are implemented, everyone will abide by them."

The purpose is to end the cycle of conflicts that has marked elections in Mexico and to give institutions credibility. Munoz Ledo said that when the topic of the overhaul of the state came up, they discussed aspects such as a greater separation of powers, a total reform of the judicial branch, free trade unions, and the strengthening of municipal actions. On the matter of Chiapas, the PRD leaders emphasized the need to find a peaceful, decent, just, and lasting solution through dialogue.

[Munoz] "To achieve all this we will have a table of negotiations that will provide the specific steps of the work to be done, in line with the nature of the problems."

On economic problems, the PRD members voiced different concerns.

[Munoz in progress] "...that the country's oil legacy be compromised, and we will have a return to the past on oil and electricity."

He explained that this was not a meeting of unity regarding government policy.

[Munoz] "We are united on the matter of the nation, but it is clear, and the two sides expressed it: We still have very profound differences."

The PRD president explained that the two sides agreed to seek a greater rapprochement. Attending the meeting were Amalia Garcia, Efigenio Martinez, Laura Castillo, Ricardo Valero, Jesus Ortega, Gilberto Rincon Gallardo, Francisco Kuri, Alfonso Ramirez Cuellar, and Ramon Sosa Montes, members of the PRD National Executive Committee.

### PRD Calls For Accord To Solve Crisis

*PA1401030995 Mexico City LA JORNADA in Spanish 12 Jan 95 p 7*

[Report by Rosa Icela Rodriguez]

[FBIS Translated Text] The National Executive Committee of the Party of the Democratic Revolution [PRD] has said that to overcome the crisis a national accord is required, together with the democratization of national life and the implementation of an "economic salvation plan." This plan should involve the renegotiation of NAFTA and the foreign debt, a paycut for high-ranking bureaucrats, employment protection, and maintaining the planned level of public spending to defend strategic enterprises.

Commenting on the statements by President Ernesto Zedillo that no one should be held responsible for the crisis, Cuauhtemoc Cardenas said yesterday: "I am not saying that those responsible should not be imprisoned or lose their political rights, but that is not going to resolve the crisis. Other measures are necessary in order that the level of wage increases and unemployment stops growing."

Cardenas added: "If there is criminal and political responsibility, the law must follow its due course and apply the proper sanctions, as the PRD has requested in this case." However, he indicated that "more than looking to the past, we must look to the future and see how can we resolve the current crisis."

Yesterday, the PRD sent a letter to Foreign Relations Secretary Jose Angel Gurria to demand that support for the candidacy of Carlos Salinas to head the World Trade Organization (WTO) be ended. The PRD will ask the same of the embassies and foreign ministers of countries belonging to that organization.

Cuauhtemoc Cardenas warned that if no measures are adopted to prevent a further drop in reserves and a worsening of the crisis, "we may default on our financial obligations to international organizations." He also said if the cost of food continues to rise, salaries continue to fall, and basic products cannot be purchased, this situation will give rise to social discontent.

Later, Cardenas referred to the call for unity made by President Zedillo, and he said that with the policies announced on 3 January "greater mistrust has been sown": There was a flight of $1 billion from our reserves just last week. In other words, "following the measures adopted by the government to overcome the crisis, we are seeing that reserves continue to drop and confidence has not been restored."

The PRD leader predicted that should these measures continue to be implemented, "confidence will not be restored and the crisis will worsen. Therefore, a 180-degree turn in economic policy is called for, one which should not be applied by those who have until now been guiding the political life of the country."

The former presidential candidate was asked if he would be willing to participate in the current government to implement the points stated in his party's National Salvation Government Proposal.

"That does not matter. Here the important thing would be to see how the government or Dr. Zedillo, in particular, replaces the team that has generated this crisis, or to see if he has the desire to resolve the crisis by leaving the government and calling for a new election."

Regarding the federal government's austerity program, Cardenas asserted: "I see this contradicts absolutely the $50,000 daily spent on Carlos Salinas' campaign to head the WTO. I do not see austerity in private jets and luxury hotels."

Cuauhtemoc Cardenas said that "all those responsible" for the devaluation of the peso should be removed from the current government team because "that team of men and women is not capable of helping the country."

Interviewed yesterday morning on Radio UNAM [National Autononous University of Mexico], Cardenas stated that if the meeting between PRD President Porfirio Munoz Ledo and President Ernesto Zedillo "is positive, he would deem it positive, and if negative, he would deem it negative."

Cardenas explained that President Zedillo has not asked him for a meeting, and that this is a "secondary" issue because "the important part is to know what measures will be taken in the country."

Asked by LA JORNADA if he would assist the president in this crisis situation, Cardenas noted that Cordoba and Salinas could provide such assistance.

Asked his view on Mario Ruiz Massieu's decision to join the PRD, Cardenas pointed out: "I believe it is positive to have new members in the PRD, and I hope this will contribute to new proposals and the consolidation of the PRD."

Interviewed by journalist Miguel Angel Granados Chapa on Radio UNAM's program "Public Square," Cardenas explained that he is not a "mediator" in the Chiapas conflict, but he has urged the parties to discuss and negotiate a solution to the conflict. He said his objective is to seek a political, not military, solution to the Chiapas conflict and to analyze the problems outlined since January 1994.

He clarified that the Zapatist call to build a national liberation movement "honors me, but it is not a matter of saying: The movement is already created. It requires work."

### Economic Program

At PRD headquarters, Porfirio Munoz Ledo submitted the economic program accompanied by Ifigenia Martinez, Guillermo Gonzalez Guardado, Alfonso Ramirez Cuellar, Raymundo Cardenas, Ricardo Valero, and Gilberto Rincon Gallardo.

After mentioning risks and offering an economic diagnosis, the PRD presented a document entitled "For the Defense of the National Heritage and the People's Economy," which argues that it is necessary to democratize the country to overcome the crisis. This proposal includes state reforms with new agreements and an economic recovery plan different from the plan announced.

The PRD argues that it is necessary to implement a group of alternative policies. These policies include: the reevaluation international economic relations through the renegotiation of NAFTA and the foreign debt; and a review offiscal policy to ensure that speculative profits are taxed, production encouraged, and the consumption of luxury items discouraged. The salaries of high-ranking bureaucrats and private executives must also be reduced and unnecessary expenses eliminated.

It is also necessary to fight the inflationary effects of the devaluation with measures that protect jobs, promote production, and avert further sacrifices for workers. Projected public spending must be sustained and its decentralization towards the states and municipalities must be promoted. Emergency increases and periodic reviews of minimum salaries must be implemented.

Industry and an integrated agricultural development program must be selectively promoted.

Fourth, national sovereignty and strategic public companies must be defended. Fifth, unnecessary imports must be reduced and national producers supported to prevent the country's financial and banking collapse brought on by an increase in interest rates, a shortage of credits, and a growth in overdue portfolios. The balance of capital must be regulated and a budget for the public sector established.

As a result, Munoz Ledo again proposed a national agreement that includes the various levels of government, all political forces, and representatives of the manufacturing sector within the framework of a democratic system that restores people's confidence in the economy.

### EZLN Announces 'Unilateral,' 'Indefinite' Cease-Fire

*PA1801040995 Mexico City NOTIMEX in Spanish 0311 GMT 18 Jan 95*

[FBIS Translated Text] San Cristobal de las Casas, 17 Jan (NOTIMEX)—This evening, the Zapatist National Liberation Army (EZLN) announced a "unilateral and indefinite" cease-fire until a stable and lasting truce is reached.

In a communique dated the previous day, the EZLN stated it pledged to take steps toward detente as part of what was discussed and agreed during the first meeting between its delegation and representatives of the federal government.

### Army Withdraws From Positions in Chiapas State

*PA1801043095 Mexico City Radio ACIR Network in Spanish 0000 GMT 18 Jan 95*

[Report by Juan Carlos Santollo from San Cristobal de las Casas; from the "Evening News Panorama" newscast]

[FBIS Translated Text] [Announcer Katia Valentina Buenol] In compliance with a presidential order, the Army has withdrawn from its positions in Larrainzar and Simojovel, Chiapas State. We have Juan Carlos Santollo on the line with additional information. Good afternoon, Juan Carlos.

[Santollo] Good afternoon to you, Katia, and our listeners. As you said, the Army has in fact redeployed from its positions in Larrainzar and Simojovel in compliance with the presidential order. The action has caused mixed reactions among the people, because an important sector of the population believes the Mexican Army should remain in these communities, while others believe they should not. Nevertheless, Diego Perez Hernandez, president of the municipal council in Larrainzar, has said he did not believe the Mexican Army redeployment would lead to mayhem in the area:

[Begin recording] [Perez] No, no. I do not think so. The Army has been here for a long time, and we have seen nothing like that.

[Unidentified reporter] What about when the Army is gone?

[Perez] I cannot tell you exactly, but I do not think the same thing would happen with the other armed group here. [Words indistinct]

[Reporter] Are there any Zapatists nearby?

[Perez] There are followers of the Zapatist National Liberation Army [EZLN] here in the municipality. There are also Party of the Democratic Revolution supporters who follow the same line. There are, however, a large number of Institutional Revolutionary Party followers. We have always done everything together for the most part, because we all live in the same community. [end recording]

[Santollo] The people have their own opinions, but some have said they are concerned now that the Mexican Army has left:

[Begin recording] [Unidentified speaker] I am a little concerned, because we can rest easier when the Mexican Army is here.

[Santollo] Did you want them to leave?

[Speaker] No, because there was peace when they were here. [end recording]

[Buenol] Juan Carlos, had they grown accustomed to living with the Mexican Army around?

[Santollo] Yes, they had. They were used to living with the Mexican Army, and their equipment, present. The majority of the people here have felt secure, because no political disputes could arise with the troops there. Nevertheless, the Army has left in Larrainzar, but 70 municipal policemen have arrived on the site. They will keep the peace in that community as of now.

The last item I have is that we have been told by the Catholic Church here in San Cristobal they will be delivering an EZLN communique at about 2000 or before; we are waiting for that now. It is expected to express its opinion about the meeting it has held with Government Secretary Esteban Moctezuma Barragan and about the Army redeployment we have seen here today.

### Zedillo Cabinet, Chiapas Policy Attacked

*95CA0089A Mexico City LA JORNADA in Spanish 23 Dec 94 p 41*

[Commentary by Luis Javier Garrido, member of the National Autonomous University of Mexico's Center for Social Research and member of the National Democratic Convention's National Council of Representatives: "The Collapse"]

[FBIS Translated Text] The beginning of Ernesto Zedillo's presidential term is the most disastrous anyone can recall since 1930, given that the new government team has managed to show two things: first, that it has no political vision and is bringing Mexico to the brink of war because of its intolerance in the case of Chiapas.

In a few days it has also managed to demonstrate, however, that it does not have the ability it claimed to have to cope with the economic and social situation, and thus has plunged the country into an extremely grave financial crisis.

1. Twenty-one days after the new administration took office, Ernesto Zedillo, Joseph-Marie Cordoba, and the technocratic team have no response that is equal to the serious political and financial crisis in which the country is mired, and they have become more and more discredited, with the already well-known economic and political costs. They are dealing with the financial crisis by compromising the nation's sovereignty even further, announcing that they will privatize ports, airports, and railroads and that they will sell the few state enterprises that are left, in exchange for "support" amounting to more than $8 billion that they will request from Washington (21 December).

And in response to the crisis arising out of the events in Chiapas, they have done nothing but accentuate to an insane degree the militarization of the state without realizing that they are dealing with a people in arms. And the only purpose is to keep in power a corrupt Institutional Revolutionary Party (PRI) politician, Eduardo Robledo Rincon, who was illegitimately and illegally installed in the governor's office.

2. These policies merely raise this question in various sectors of the country: How is it possible that these people, so lacking in patriotism, and what is more, so devoid of competence, can be governing Mexico?

3. The disaster in the economy during the first three weeks of the presidential term no doubt threw a monkey wrench into the regime's propaganda machine, which had been claiming that though there may have been deficiencies in the handling of political affairs, the economy, in contrast, could be managed adroitly. That was not the case. The flight of capital during a three-week period (more than $6 billion), the devaluation of 20 December, the stock market crash of the 21st, and the wave of price increases that is on the horizon, which will further aggravate the living conditions of wage-earners, are merely the consequence of the neoliberal policies applied over the last nine years, and also of the mistakes made during these three weeks in December, leading up to the new "Black Wednesday."

The government began grappling with the serious financial crisis, on the other hand, by following the worst possible recipe: seeking scapegoats (ranging from the Zapatist National Liberation Army to Salinas himself, according to the official spokesmen) and waging a disproportionate propaganda campaign, which has apparently ended up fueling more mistrust among the population as well as national and foreign investors.

4. Foreign investors' doubts regarding the new administration's political abilities turned to certainty in just 21 days. After the appointment of the cabinet, Zedillo's inaugural address, the first initiatives, and the attempt to impose the administration's will in Chiapas, it was clear to any U.S. analyst that so many official blunders could guarantee only the deepening of the financial and political crisis. And that is precisely what happened, so it is unacceptable for the Zedillo administration to be seeking scapegoats when the chief culprit in the disaster is the person who (formally) heads the new government—because it is not yet known for sure what role will be played by the French mercenary Joseph-Marie Cordoba, Zedillo's mentor and "supreme leader," or by Carlos Salinas de Gortari himself.

5. The first explanation given by Zedillo for the financial crisis, in an attempt to shift the blame to Deputy Commander [subcomandante] Marcos and the Zapatist National Liberation Army (EZLN) for the offensive of 19 December in 38 municipalities, was not only contemptible, but also absurd (20 December). The new explanation given by Zedillo himself in his message prior to the second economic adjustment, that the magnitude of the financial crisis (the flight of capital, the devaluation, the stock market crash) was caused not only by the Chiapas conflict but also by Salinas's policies, in that he did not adopt certain measures in time (21 December), is also groundless. Zedillo was a collaborator in that government and supported its measures, all with an eye on the elections. We must not forget, moreover, that after 1 December, the decisions made by Zedillo himself have merely aggravated the overall economic and political situation in the country.

The clumsy official propaganda, the discrepancy between word and deed, the lack of credibility of those in the cabinet, the absence of a democratic program, and of course Zedillo's mistakes in the Chiapas conflict—all led to the aggravation of the problem.

The deterioration of the economy was thus exacerbated by the financial sector's lack of confidence in the people who were starting out their administration with a show of bad faith, intransigence, and publicity-seeking, and those groups acted accordingly.

6. In just three weeks, the government of Ernesto Zedillo exhausted the patience that Mexicans might have had for it; it aroused everyone's furor not only with the announcement of the team of collaborators, but with the policies it defended. A brief summary should suffice: Three proteges of politician-businessman Carlos Hank Gonzalez—Ignacio Pichardo Pagaza (Energy), Humberto Lira Mora (Civil Protection), and Luis Tellez (Presidency)—were rewarded with high office. And there is also the fact that Pichardo is accused of a cover-up in

the "Ruiz Maseleu case." Maria de los Angeles Moreno was installed as head of the PRI in a move that ignored not only the promises to democratize, but also the criminal charges pending against her. Serious criminal accusations have also been filed against Oscar Espinosa (Federal District Department) for his alleged collusion in the "Havre case." Humberto Roque (leader of the PRI in the Chamber of Deputies) has a past record as a "porrista" [political henchman]. Fausto Alzati (Secretariat of Public Education) has been accused of never actually earning the doctorate he claims to hold and of having "evaluated" national research for three years in his capacity as head of the National Council for Science and Technology (CONACYT) under those false pretenses, having been incapable of passing his own doctoral exams. Jose Angel Gurria (Foreign Relations) is also implicated in the "Havre case," and is a man who stays in lockstep with the U.S. State Department and is therefore incapable of directing foreign policy. Gilberto Borja Navarrete (National Finance Bank) was charged with pressuring businessmen on behalf of the PRI when he was an official of that party. Arturo Warman (Agriculture) was responsible for the National Indian Institute (INI) for five years, and of course he guided the policy on Indian nations in that capacity; and since 1 January he has actually denied that the Zapatist uprising is an Indian movement, and whenever he gets the chance he points out that there is no more land to distribute in Chiapas. Gen. Enrique Cervantes (Sedena) had a reputation for practicing repression in Guerrero. Jaime Serra Puche (Secretariat of Finance and Public Credit), a neoliberal fanatic who was directly responsible for the financial crisis, is known as a man who is on intimate terms with Wall Street and therefore lacks the necessary independence for the job. Carlos Salomon (Press) was linked to the Televisa consortium, was one of those responsible for its disinformation policy, and should be blamed for the lies that are broadcast every day in the press and on television.

Who could trust these men?

Furthermore, the most "spectacular" initiatives of the Zedillo administration have not been convincing, either. In an attempt to "reform the judiciary," it submitted to Congress a reform bill that merely seeks to subordinate the judicial branch even further to the (current) executive branch. Alleging that this administration is pluralistic has done nothing but corrupt members of the opposition and the country's public life. And the Chiapas case, finally, merely showed one more face of this administration: a blind one.

7. The Chiapas conflict has undoubtedly been heightened because Ernesto Zedillo and his friends have tried to resolve it within the framework of the "system" rather than that of the Constitution, from the perspective of the cabinet rather than that of the real situation in Chiapas, based on propaganda and the Army rather than on dialogue. And the truth is this: The Cordoba-Zedillo government has not wanted to negotiate, but merely to impose its point of view; and to do that, its only option has been a far-reaching disinformation campaign, plus the Army, of course.

8. Ernesto Zedillo's intransigence in the face of the Zapatists' demands stems, of course, from his authoritarian logic and his inability to solve Mexicans' problems in *national* terms, but also from his inability to grasp reality. It is surprising that in one of Zedillo's letters to the Zapatists, sent with a view to getting them into secret "negotiations," he said that he wanted to "become more familiar with your concerns, the essential objectives of your struggle, and your proposals" (LA JORNADA 18 December), which means that he did not read the newspapers for a year.

The official propaganda campaign aimed (to no avail) at discrediting the EZLN ended up doing the opposite by revealing that the members of the Zedillo team not only do not want to negotiate, but do not even understand what is happening; hence the repudiation of them by Big Money. Dr. Jorge del Valle, portrayed as the official adviser on the Chiapas case, had the gall to say on the program "Nexos" (Channel 13, 14 December) that there was no Mexican who could say what the Zapatists want; and journalist Federico Arreola, one of the regime's hacks, wrote in EL FINANCIERO (18 December) that no one knows what Deputy Commander [subcomandante] Marcos and the Zapatists want or what their "specific aspirations" are.

9. The so-called Commission for Dialogue and Mediation for Peace, created by Zedillo in a speech-decree (14 December), arose out of that dead context, not only because the commission represented an effort by Zedillo to shirk his responsibilities by passing them on to the legislature, and because he could not create it in terms of our constitutional system, but also because it is obvious that these third-rate envoys from the "system" have no authority whatsoever to negotiate and no independence to mediate.

A government commission at such an extremely low level could not, of course, provide responses to the Zapatists' demands. Besides, as Deputy Commander [subcomandante] Marcos pointed out when he rejected it (19 December), since the commission members who belong to the government cannot "mediate" with it, and their role, in the best of cases, would have to be that of *pimps* of the "system," it is a shame that the legislators of the National Action Party (PAN) and the Party of the Democratic Revolution (PRD) have been subordinated to this unfortunate initiative by Zedillo, which is clearly aimed at stalling for time and involving the formal opposition with a view to achieving what appears to be Zedillo's central objective: a military solution.

10. There is no doubt that the Zedillo administration has not set a course, and among the factors discrediting it is its desire to deal with the Chiapas conflict by force, ignoring reason. That is why the country is becoming increasingly mobilized, as evidenced by the fast begun by

Samuel Ruiz Garcia (bishop of San Cristobal de las Casas) and by Ofelia Medina and others in the capital, and by the actions of the National Democratic Convention (CND). Zedillo and his collaborators should reflect on the situation, and in view of the extremely grave economic crisis plaguing the country, they must understand the repercussions of their impulsive actions. There can be no military solution to the Chiapas problem.

The economic and political overconfidence has become evident in just 21 days, and now it is time for a course correction.

## Rights Leader Criticizes Government

*95CA0088A Mexico City LA JORNADA in Spanish 28 Dec 94 pp 1, 9*

[Commentary by Sergio Aguayo Quezada, president of the Mexican Human Rights Academy: "The Triple Offensive Against Mexico"]

[FBIS Translated Text] Mexico is facing a triple offensive. In the southeast, Marcos's military maneuvers are confirming him as a brilliant strategist but are bringing us dangerously close to war. On the economic front, our financial reserves were exhausted in a merciless campaign of speculation. The third cause of anxiety is the realization of how irresponsible and inept our government authorities can be.

On 19 December Deputy Commander (Subcomandante) Marcos announced that four columns of Zapatist troops had run the blockade and established positions in 38 municipalities. From a military standpoint, the maneuver showed that the Zapatist Army of National Liberation (EZLN) has leadership and discipline, that the morale of its troops is quite high, and that they are perfectly familiar with the terrain and have a quite effective intelligence service and a highly developed capacity to distract their enemy.

War is an extension of politics, and if we view the event from this perspective, Marcos is demonstrating that the central thesis of the man whom many regard as the greatest strategist in history remains valid. In "The Art of War" Sun Tzu wrote more than 2,000 years ago that in war "it is best to win without fighting" (another Chinese military man, Shuge Liang, was to add that "the wise man wins without having to fight to win"). A few weeks ago in Chiapas the EZLN accomplished some notable things without firing a single shot: it regained the political initiative that it had lost; it placed Chiapas and the Indian issue among the nation's priorities, and it demonstrated the political gains that it has made in other regions.

The brilliance of the Zapatist operation does not mean that it did not also irresponsibly provoke the Mexican National Army and thus endanger peace. In mobilizing its troops, the EZLN was on the verge of hastening the resumption of hostilities that Samuel Ruiz and Ofelia Medina, among others, are trying to stop with their fast. The fact that this did not happen is due to another fundamental aspect of the art of war. Every military commander has some good luck, and if the EZLN has "won" (at least so far), it is because its deployment coincided with the financial crisis.

By coincidence or owing to clairvoyance, the EZLN's political and military offensive dovetailed in synchronized fashion with another equally successful offensive: the merciless attack on the country's financial reserves and on the peso by an amorphous coalition of professional speculators, nervous businessmen, and a few politicians or officials.

At the root of both offensives lie the irresponsibility and ineptitude of the ruling group. If tensions mounted to such a degree in Chiapas, it was because while Carlos Salinas and Ernesto Zedillo spoke of peace, they continued to set the stage for war, postponed the autonomy of the Indian peoples, and first organized and then defended a severely tainted election.

As if that were not enough, Ernesto Zedillo attended the swearing in of Eduardo Robledo as governor of Chiapas, thus overtly taking sides in the conflict and polarizing an already delicate situation. The Zedillo regime's political insensitivity is not that surprising because we are accustomed to Carlos Salinas de Gortari's resistance to change. What is surprising is the irresponsible, inept way in which they have managed the country's finances.

Carlos Salinas, Pedro Aspe, Ernesto Zedillo, and Jaime Serra Puche have doctoral degrees in economics and experienced the devaluations of 1976 and 1982 firsthand. In spite of their degrees and their experience, they followed the script written by Luis Echeverria and Jose Lopez-Portillo to the letter. What is most infuriating is that they made the necessary financial adjustment, the devaluation, after a handful of people had already looted the country's reserves. This sort of work with numbers would have earned them a failing grade in basic arithmetic class in any primary school.

Another way in which Salinas and Zedillo have behaved just like their predecessors is in their iron determination not to provide information to the Mexican people. We are still waiting for the list of dollar exporters that Lopez-Portillo promised us; we still do not know what has happened in 1994.

What they have done is to give detailed explanations to U.S. and world bankers. In August 1982 Jose Lopez-Portillo sent the then proud finance secretary, Jesus Silva Herzog (now a functionary who meekly accepts whatever he is offered), on a secret trip to Washington, where over one weekend he sought and secured financial aid to cope with the country's bankruptcy.

The day after last week's devaluation, Ernesto Zedillo sent another proud finance secretary, Jaime Serra Puche, to New York to explain things to the bankers. Neither then nor now, neither under the populists nor under the neoliberals, have PRI governments considered it necessary to travel to the Congress of the Union to explain things to the nation.

If the history of the previous devaluations can serve as a guide to the future, then in the next few days there will be an announcement that the country obtained, or is negotiating, a jumbo overseas loan that will enable us to stabilize the financial system. On the same occasion, or shortly thereafter, we will be told of a tough austerity program that requires national unity and of a program to support the nation's businessmen.

What we will surely will not be told about are the concessions that they had to make to the International Monetary Fund, the World Bank, or the debtors cartel. Under similar circumstances the country has always made such concessions, and I see no reason why it should be otherwise this time around. I do not know what they are going to give up, but there is much talk in Mexico and abroad that the bankers are demanding that the Mexican Government sack Jaime Serra Puche and privatize Pemex, among other things. We will find out in the next few days.

One final comment. Let us hope that the president of the republic, Ernesto Zedillo, realizes that the only viable option is to begin negotiations, right now, with the country's principal political and social forces with a view towards an orderly, agreed upon break with the system. The autonomy of the Indian peoples, peace in Chiapas, spreading out the costs of the austerity program, electoral reform, and establishing rules for the right to information would have to be on the potential agenda, through which the current president could demonstrate where and with whom his priorities lie. Let us hope he realizes that if he persists in the present course, the most likely outcome will be disaster for them and, worse yet, for the country.

## Bank of Mexico Issues $400 Million Worth of Tesobonos

*PA1701232095 Mexico City NOTIMEX in Spanish 2102 GMT 17 Jan 95*

[FBIS Translated Text] Mexico City, 17 Jan (NOTIMEX)—Mexican Stock Exchange sources announced that the Bank of Mexico today placed Tesobonos worth $400 million in the financial markets and announced interest rate increases for all terms.

The central banks issued $250 million in Tesobonos for 91 days and raised the yield to 19.75 percent, 0.25 percent higher than last week when they were rated at 19.50 percent.

The central bank also placed $100 million worth of Tesobonos for 182 days, which registered a 7.63 percent hike compared to Tuesday's issuance when they were at 12.1 percent. They are now at 19.74 percent.

Tesobono issuance for 364 days is the first made by the Bank of Mexico in 1995 since their last auction on 22 December. These instruments are the only ones that offer their yield in dollars.

New York Stock Exchange investors demanded more investment certificates than what the Mexican Government offered, a sign that confidence in this country is beginning to return, financial specialists believe.

## President Reassures PRI Leaders on Pemex Ownership

*PA1701173495 Mexico City XEW Television Network in Spanish 0430 GMT 17 Jan 95*

[From the "24 Hours" newscast]

[FBIS Translated Text] Mexican President Ernesto Zedillo met tonight with members of the PRI's [Institutional Revolutionary Party] National Executive Committee and leaders of the PRI blocs in the Chamber of Deputies and Senate at Los Pinos presidential residence. The private meeting lasted 80 minutes.

After the meeting, PRI President Maria De los Angeles Moreno held a news conference. She reported that they had discussed economic and political issues at the meeting. She said the president had admitted that the crisis will cost the Mexicans but that he had promised the costs would be equitably distributed.

She added that President Zedillo had assured them that Mexico would maintain full control over its basic resources.

[Begin Moreno recording, in progress] ...that our national sovereignty is not threatened during any of the current negotiations with foreign countries. [end recording]

The president also told them that the power sector will not be opened to investment.

[Begin Moreno recording] Mexican petroleum and electricity will remain in the hands of the state. [end recording]

The Mexican president promised the PRI officials that his government would emphasize social issues, such as education, health, and nutrition, even though public spending allocations have been reduced.

Speaking on political issues, President Zedillo said he would continue to use dialogue and negotiation to solve conflicts.

[Begin Moreno recording] Preference will be given to political mechanisms. They will not resort to authoritarian actions, which the Mexican people have rejected. [end recording]

She said the PRI had expressed its solidarity with President Zedillo during these difficulty times for Mexico. The party welcomed his efforts to achieve peace in Chiapas and stressed the importance that the country get back on the path to growth with well-being for all Mexicans.

The meeting was also attended by PRI Secretary General Pedro Joaquin Coldwell; Fernando Ortiz Arana, chairman of the Grand Commission of the Senate; Humberto Roque Villanueva, chairman of the Grand Commission of the Chamber of Deputies; Regional Coordination Secretary Arnaldo Ochoa; Information and Propaganda Secretary Heriberto Galindo; and Jose Murat, member of the Senate's foreign commission.

### President Asks Cabinet To Implement Austerity Measures

*PA1001151095 Mexico City XEW Television Network in Spanish 0430 GMT 10 Jan 94*

[From the "24 Hours" newscast]

[FBIS Translated Text] Mexican Government employees have to tighten their belts and adjust to strict austerity measures, or they will have problems with the law.

Mexican President Ernesto Zedillo has met at Los Pinos with the members of the cabinet team. The president asked officials during this private meeting, which lasted approximately one hour, to implement a number of austerity measures in public administration. Mrs. Norma Samaniego, comptroller and administrative modernization secretary, has reported in a news conference the terms of the austerity measures and has promoted the administrative modernization program:

[Begin Samaniego recording] The measures established are to be strictly observed and surveilled by control organizations and are concentrated in two categories, the first of which will be applied to austerity in expenses authorized to high-level public employees. [end recording]

To be included here among other measures are that the purchases of new vehicles for use by public officials will not be authorized. They will not allow the purchases of first class airplane tickets. The purchases of airplane tickets will be limited to official travel. Travels abroad will require the authorization of the head of the office. Entertainment allowances will continue to be banned. A limit on cellular telephone service will be established:

[Begin Samaniego recording] The second category pertains to the rational use of human, material, and services resources so as to avoid their being squandered or inefficiently used. [end recording]

The following measures stand out in this category. The disposition not to create new posts will be surveilled. The hiring of temporary personnel is restricted. The use of telephones that have access to long distance calls is restricted. Meetings will be held at the offices themselves. General use vehicles, except for ambulances, patrol cars, and vehicles required for essential activities in the defense and navy secretariats and the Attorney General's offices, cannot be purchased without the authorization of the Comptroller's Office.

The purchase of real estate will be restricted, except for special cases, and the selling of assets that are not essential will be promoted. The purchases of airplane tickets and travel agencies services must be by bid. The rental of real estate abroad will be rationalized. Social communications expenses will be restricted. Press clippings files will be canceled. Only a summary will be made for secretaries, deputy secretaries, or their equivalents. Radio and television broadcasts will be limited to official times, and the publication of ads in newspapers and magazines will adjust to the rules dictated by the Government Secretariat:

[Begin Samaniego recording] Following instructions from the president of the republic and in compliance with the federal law on public employees, those employees who do not observe the stipulated measures will be legally charged. [end recording]

The law on federal public employee responsibilities will determine the sanctions for noncompliance. Mrs. Samaniego also has announced the government will establish a program that will further deregulation, simplification, and the improvement of public administration. The program measures are in addition to the ones included in the Agreement of Unity To Overcome the Economic Emergency.

### Business, Labor Leaders on Crisis, Measures

*PA1801040695 Mexico City Radio ACIR Network in Spanish 0000 GMT 18 Jan 95*

[Report by Marisela Palacios; from the "Evening News Panorama" newscast]

[FBIS Translated Text] The federal government reasserted today that Mexican oil will not be given as a guarantee for the financial aid received by our country from the United States. A document issued by the Labor Secretariat, following a meeting held by the Commission for Following-Up and Evaluating the Economic Pact, said that Assistant Finance Secretary Santiago Levi assured production groups that this is only a financial operation Mexico has carried out on other occasions. He explained that the operation in no way implies the granting of revenues from the national patrimony. Therefore, oil deposits are not being mortgaged, granted, or transferred; instead, accounts receivable from oil sales are simply offered as guarantees. This would be necessary only if Mexico fails to fulfill its commitments—which has never happened.

Santiago Levi said that the negotiation for a loan of up to $40 billion with the United States does not increase our country's indebtedness. Instead, it modifies the debt from a short-term one to a long-term one. Regarding this issue, he said tesobonos with a maturity date within the next few months will be replaced with longer-term debt instruments. Later on, he referred to the Savings Protection Banking Fund [Fobaproa], which strives to improve banks' solvency, and mechanisms implemented by the Finance Secretariat to follow instructions issued by the president of the republic to reorganize public expenses and carry out the increase agreed upon to support Procampo [Program of Direct Support to the Countryside], as well as the scholarship program for unemployed workers. Only 10 percent of the unemployed workers will have access to these scholarships.

Moreover, the Government Secretariat also attended the meeting on the pact and reported that a four-point strategy has been implemented to regulate price increases. The first point involves controlling the inflation's effects with the support of the National Association of Self-Service and Department Stores, which pledges to carry out a progressive adjustment of imported products' prices, based on the exchange rate of 4.50 new pesos and offers special deals and sales promotions in almost all its product lines. Within this same framework, it announced discounts of between 10 and 30 percent on various products, including poultry, beef, rice, flour, crackers, detergents, napkins, toilet paper, as well as clothes and books, among others.

The strategy followed by the Commerce Secretariat also includes agreements with chambers of commerce and industries, both national and regional, as well as supervision and protection of consumers' rights through the Office of the Federal Attorney for Consumers [Profeco] inspection programs.

Upon conclusion of the pact's meeting, Alfonso Reyes Medrano, economic adviser for the Confederation of Mexican Workers, demanded strict measures, even imprisonment, against disloyal businessmen who raise prices and hoard merchandise. He said businessmen and producers must necessarily comply with the Agreement of Unity to Overcome the Economic Emergency and settle for increases authorized by the Secofi [Commerce and Industrial Development Secretariat]. He indicated that Mexican workers are certainly respecting what was established in the pact so they cannot continue to accept changes in price tags—or the fact that there are shortages of certain articles when they go to the stores.

[Begin Reyes recording] According to our country's laws, repeat offenders should be sent to prison, or at least arrested, or whatever you want to call it, because the people will no longer let others rob them with higher prices for what they usually get for their sustenance and—what is more critical—their health. If supplies begin to fall, this will be more critical than the increase in prices. This is much more critical. We will not tolerate it if we go to a store and are told there is no sugar—regardless of the reason. [end recording]

Alfonso Reyes Medrano proposed that housewives form a united front, go to the stores armed with paper and pencil, and jot down the prices so they can compare them with the official list. If they detect unauthorized increases, they must report them to the Profeco so that the businessmen can be punished.

Moreover, Francisco Hernandez Juarez, leader of the Federation of Unions for Goods and Services Enterprises (Fesebes), said every effort should be made to curb speculation in commercial activities because this is detrimental to the working class' economy.

Moreover, upon conclusion of the pact meeting, the business sector said it could not possibly create new jobs given the current economic crisis.

Luis German Carcoba Garcia, president of the Business Coordinating Council [CCE], explained that, although we can say we recently entered a price and finance stabilization phase, the economy's recovery will take time and enterprises will not attain the desired growth. Hence, he said, it is essential that we attain a recovery to prevent the closure of enterprises as much as possible; and industrialists should seek alternatives that allow them to survive without jeopardizing their production plants.

Meanwhile, German Gonzalez Quintero, president of the Concanaco [Confederation of National Chambers of Commerce], indicated that the closure of enterprises may occur in three or four months if the economy does not recover. He also said that, although there are five [as heard] products subject to official regulations, meaning tortillas, sugar, milk, and wheat flour, the price of milk has already gone up 15 percent, adding that a possible increase in the price of sugar is being analyzed, even though Labor Secretary Santiago Onate Laborde guaranteed barely a week ago that the price of sugar would not go up.

### Business Sector Reacts to Fixed Exchange Rate

*PA1401030795 Mexico City EL FINANCIERO in Spanish 12 Jan 95 p 23*

[Report by Lourdes Gonzalez Perez]

[FBIS Translated Text] Industrial representatives have charged that the Commerce and Industrial Development Secretariat (Secofi) is trying to force the business sector into applying an unrealistic fixed exchange rate. They said the government agency is trying to force them to accept a maximum 30 percent ceiling for price increases, when the prices of imported raw materials have soared by 60 and 80 percent.

They went one step further and warned that the situation could create market shortages as a result of the loss of capital that many companies will experience.

Food industry representatives warned that the Secofi would like to "tie down" end product prices without taking the production chain into account.

They argued that their industry utilizes several imported raw materials and ingredients whose prices have risen by

80 percent, which must be purchased in order to complete the process. Specifically, they mentioned sheet metal for their canned goods, glass, fruits, and others.

When interviewed separately, several of those present for Wednesday's negotiations at the undersecretary's office, expressed their discontent with the lack of concurrent proposals on the part of the authorities.

Representatives of canned preserves, packaged goods, gelatins, corn products, and others, said that their food sector is facing serious problems given the drastic increase in raw material prices, which could lead to factory closures.

They argued that the Secofi has not studied the production chain, the percentage of imported materials, or the impact such materials have on operation costs. Nevertheless, they intend to set a ceiling on price adjustments.

They pointed out that many businesses will no longer be viable given the impossibility of purchasing raw materials at such high prices; consequently, they will be forced to reduce production.

Supply will drop considerably and may even reach the point where there is nothing but empty shelves. This will place even more pressure on prices.

Although the negotiation process with each sector is not yet over, the industrial representatives said that there is no solution to the price debate. Santiago Macias, domestic trade policy director; Fausto Beldran, general director of domestic trade promotion; and Undersecretary Eugenio Carrion are hosting the meetings.

Manufacturers demanded closer government supervision, particularly by domestic trade officials, starting from the suppliers all the way to the final product and distribution. This would prevent unwarranted price hikes and establish price adjustments more in accordance with the needs and demands of each industrial sector.

Nevertheless, they do recognize that prices cannot go too high, as this would trigger an inflationary spiral that would terminate any possibility of internal stability or recovery.

## Coparmex Chapter Rejects Accord; Governments Cut Costs

*PA1501143695 Mexico City LA JORNADA in Spanish 13 Jan 95 p 5*

[Unattributed report]

[FBIS Translated Text] The Puebla chapter of the Employers Confederation of the Mexican Republic (Coparmex) has refused to endorse the Agreement of Unity To Overcome the Economic Emergency, stating that the agreement is ambiguous and "does not solve the crisis" and that "the truth regarding the political causes of the country's financial imbalance has not been told."

As part of the austerity measures announced by the federation, the governments of Coahuila, Durango, and Michoacan and the municipalities of Chilpancingo in Guerrero State and Mazatlan in Sinaloa State agreed to reduce their budgets, dismiss employees, and cancel programs to buy commodities and real estate.

In addition, active members of the Land and Freedom Popular Movement who protested the Agreement in Monterrey yesterday demanded a reduction in the number of upper level bureaucrats instead of those who earn 600 pesos a month.

Although the Business Coordinating Council (CCE) of Puebla signed the Agreement, Coparmex state leader Carlos Solana Pumarino today said that he decided to refrain from endorsing it after consulting with members of the organization but that he "did not intend to be a cause of division among members."

During the ratification of the agreement, National Peasant Confederation leader Fidencio Romero Tobon complained that prior to the signing, prices of agricultural chemicals were raised 50 percent. Consequently, the good crops in Puebla will not translate into higher incomes for peasants.

FROC [expansion unknown] leader Constantino Sanchez Romano ratified the agreement but demanded that businessmen stop relabeling their products. CCE President Jorge Espina Reyes demanded that all organizations of the labor, peasant, and productive sectors stop using the economic crisis to promote populist claims.

In Coahuila, government disbursement director Salomon Abedrop Lopez reported that the 1995 state budget of 2.6 million new pesos will be cut by an average 15 percent.

According to the emergency program signed by management and labor sectors, only the amounts previously agreed on for social spending, education, and health will be maintained, and spending will be restricted in a manner similar to that applied by the federation on its officials.

Consequently, Carlos Perez Falcon, PAN [National Action Party] mayor of Monclova, has announced that he will dismiss 200 of his 900 municipal workers.

The government of Durango reshuffled personnel to better utilize their abilities and training and asked employees to reduce fuel usage and limit telephone calls and transportation expenses.

Jorge Leon Robledo, municipal head of Chilpancingo, has announced that he will reduce the number of workers in the municipality, although Jose Luis Peralta Lobato, leader of the state bureaucrats, had said that rank and file government workers would be spared. Robledo mentioned the possibility of privatizing some public services but added that so far he has received proposals from some private enterprises only.

Mazatlan municipality has announced that it will fire some 180 managers [trabajadores de confianza], according to senior official Jose Luis Velarde Tiznado. In this port, the PRD [Party of the Democratic Revolution] has called all productive sectors of the municipality to demonstrate in defense of the familial economy and heritage, local leader Francisco Lopez Bernal said.

The government of Michoacan announced that next week it will begin to reduce travel and representation expenses for officials or department heads. Heliodoro Gil Corona, under secretary for disbursements, has added that Gran Hotel of Morelia is being offered to international corporations for more than 40 million new pesos. He said that to overcome economic problems, the possibility of merging or liquidating enterprises is also being considered.

Approximately 200 active members of the Land and Freedom Popular Movement demonstrated in front of legislative and government buildings to protest the agreement. The demonstrators said the agreement favors big business and industrialists and places the full burden of the crisis on the shoulders of the lower classes.

Movement leader Hector Camero Haro demanded that the government eliminate jobs and positions "created for friends and people who were recommended," eliminate the positions of deputies and plurinominal senators, and reduce legislators' allowances to 3,000 pesos "so they can truly feel the people's needs."

## Secretary Affirms Crisis Beneficial to Industry

*PA1401044495 Mexico City LA JORNADA in Spanish 12 Jan 95 p 43*

[Report by Correspondent Gerardo Rico]

[FBIS Translated Text] Guadalajara, Jalisco, 11 Jan—Herminio Blanco, secretary of commerce and industrial development, has said that the country's economic crisis will benefit the industrial sector. He also announced the creation of the Under Secretariat of Industrial Development and Foreign Trade, to open the way for small and micro businesses and all exporting businesses.

He said the federal government's economic measures are directed at balancing the budget, compensating for the 1.3 percent drop in the GNP, and registering a 0.5 percent surplus by the end of the year.

Expanding on this, he said "each and all promotion programs have been focused on the new office," but he gave no date for operations to begin. He is planning a nationwide tour every 45 days in order to get a clearer picture about how manufacturers are progressing. This way, the economic cabinet will receive a detailed presentation of industry's situation on a nationwide basis.

He promised to back micro and small business efforts, "so they can enjoy more competitive conditions."

Regarding NAFTA, he said that the agreement is necessary to penetrate other markets, especially those that have signed similar agreements with Mexico recently.

During a news conference before the meetings with business representatives and representatives of commercial and service organizations, Secretary Blanco said the economic situation would be "temporary." Once it stabilizes, interest rates will drop and "we will be able to resume our economic growth."

He spoke of the benefits of the economic emergency agreement and said there are several agreements with the manufacturer and business sectors to prevent the peso from losing any more ground.

According to local business spokespersons, Herminio Blanco's visit to Guadalajara is attributed to the governments concern about the reluctance of several organization leaders to sign the economic emergency agreement in Jalisco recently.

The secretary said that one advantage Mexican industry has is that most of its members do not have to pay import duties to the countries they export their products to, while other country's do. He said that Mexican factories in Mexico "have modernized and become competitive in the international market." This is why it increased its exports during 1994 by 26 percent.

Luis German Carcoba, the president of the Business Coordinating Council (CCE), accompanied the commerce secretary. When asked about the support the organization has given to former President Carlos Salinas de Gortari's economic plan, he simply answered: "We fooled ourselves."

The Jalisco businessmen made several proposals during the meetings. Sergio Garcia Alba, the president of the regional chapter of the National Association of Manufacturers, said he disagreed with the idea of accepting solutions conceived abroad as the one and only way out of the crisis, without taking the opinion of those affected sectors of the country's economy into account. The representative of 1,750 industrialists from various areas said that it was not wise to place anchors on the economy while imposing heavy tax policies, that only serve to hamper the creation of jobs, limit internal savings, and block local and foreign investments.

## Agrarian Congress Releases Communique on Unity Accord

*PA1501032395 Mexico City LA JORNADA in Spanish 12 Jan 95 p 14*

["Statement by the Permanent Agrarian Congress on the Agreement of Unity to Overcome the Economic Emergency;" published as a paid ad; date and place not given]

[FBIS Translated Text] In view of the country's economic crisis, several management, labor, and peasant organizations on 3 January 1995 signed with the Mexican Government a new economic policy pact now called Agreement of Unity to Overcome the Economic Emergency.

The organizations that make up the Permanent Agrarian Congress [CAP] have carefully studied the country's situation and the agreements that have been reached and, consequently, have released the following communique.

1. In the context of the serious economic crisis we are experiencing, we demand the participation of CAP and peasant organizations in general in the committees and agencies that decide the country's economic policy, because these decisions affect Mexican peasants. In addition, we demand the participation of CAP and peasant organizations in the National Productivity Commission, the Fiscal Advisory Council, and the National Council for Small and Medium-Sized Enterprises.

2. The country's commercial deficit is one of the causes of the Mexican economy's present crisis. On a medium-term basis, no country can bear so heavy a burden as that represented by more imports than exports. It is essential to change the country's commercial policy to restore the trade balance. To do this, it is essential to reinforce the national productive system, in particular the agricultural and livestock sector, both with regard to production for export and to meet the local market's demand.

3. Regarding rural development, CAP proposes to define first the nature of rural assistance in addition to Procampo [Program of Direct Support to the Countryside], because the nature of this assistance was not defined in the Unity Agreement. In addition, CAP proposes that, considering the rural economy's deep depletion of capital, the agricultural sector be excluded from the government's announced credit restrictions because you just do not ask an anemic person to fast if you want him to be healthy. The agricultural cabinet should be called to meet so that, together with all human, economic, and social factors that take part in agricultural production, the prices of fertilizers, pesticides, and herbicides can be set to prevent exaggerated and unjustified rises. Along the same lines and in compliance with the agreement, peasant and rural production organizations should be given an opportunity to participate, together with agricultural agencies and institutions, in the outline, planning, and implementation of the present government's agricultural policy. This participation, for which the executive expressed approval, has remained on paper and has never become a reality.

4. The government has met the crisis by substantially reducing public spending, a reduction that affects various sectors. To make the agricultural sector a participant in this reduction means creating more problems than those intended to be solved. Such a measure will reduce the sector's possibility of competing, will create more social isolation and poverty, will push millions of agricultural producers of the social sector to total bankruptcy, and will cancel out the possibility for a productive reconversion. For this reason, the agricultural sector's budget should not be touched and instead should be increased to finance rural development programs.

In view of the country's serious economic and financial crisis, it is necessary to keep its impact from severely affecting the agricultural sector, in particular its social sector, which has already paid a high price in the recent past. For this reason, credits should not be reduced. Quite the contrary, it is necessary to increase credits in two fundamental forms. First, as long-term loans with interest rates compatible with the prices of products. Second, as risk capital without financial costs. In addition, it is necessary to find a solution for the existing overdue loans and those loans created as the result of macroeconomic modifications. Solutions should never include lawsuits, embargoes, and the suspension of loans.

Agricultural development programs should be expanded and those already existing, like Procampo, production support, enterprises in solidarity, and so on, should not be restricted. We believe that an adequate rural development policy should seek to help peasants financially and increase the agricultural sector's profitability. Hence, it is urgent to provide access to credit, training, technical assistance, and transfer of technology.

It is necessary to give all Mexicans a satisfactory explanation of the present economic crisis. For this reason, it is important that the finance secretary report the names of individuals and enterprises who bought and took out of the country dollars a few days prior to the devaluation. Such an action was one of financial speculation that has harmed all Mexican people. This is a good time to establish the corresponding legal and fiscal responsibilities.

5. We regard as correct the intention to settle the agrarian issue in Chiapas. We demand that the whole country be led to a joint action to end the agricultural backwardness and expropriate, in favor of peasants, the latifundia still existing in the country.

6. We agree to participate in the national dialogue that President Zedillo has called for in the search for a consensus between political and social forces to expand democracy in our country. This dialogue should be held in a framework of plurality, tolerance, and respect toward the government, parties, and social organizations.

## Consumer Office Closes Stores for Price Violations

*PA1401040395 Mexico City LA JORNADA in Spanish 12 Jan 95 p 41*

[Report by Victor Cardoso]

[FBIS Translated Text] The Office of the Federal Attorney for Consumers (Profeco) has announced that from 26 December to 11 January it closed 347 different stores for violation of prices and announced an eight-point program to step up nationwide price monitoring and verification actions that include the participation of municipal and council authorities as inspectors.

With this program, Profeco chief Fernando Lerdo de Tejada said, small businesses in the countryside and remote and rural areas will not be allowed to violate the established prices.

As part of Profeco's actions, Lerdo de Tejeda affirmed, it will not tolerate increases in tuition fees or that the prices for goods and services be set in dollars or any other foreign currency.

At a news conference where he introduced Profeco's program in support of the Agreement of Unity to Overcome the Economic Emergency, the official said that these actions will not mean an added expenditure to the budget authorized for this year, "which we hope will not undergo any cuts."

He said the country has ample stocks of products, although the authorities have run into different problems of products that were hidden, which prompted the implementation of the sanctions contained in the law. Lerdo de Tejada explained that from December until yesterday, Profeco ordered the closing of 347 businesses, 72 of which were located in Mexico City's metropolitan area—including 13 groceries of the central produce market and 275 groceries in the interior of the country. He added that 3,478 notes have been sent to companies, as well as 742 notes to private schools, urging them to respect the established prices.

The Profeco program is based on the following points:

—Intensification of vigilance and price verification activities, specifically for products for which a maximum consumer price has been established; continuous price inspections to prevent an increase in the products that make up the basic family basket and school supplies.

—Providing continuous information to the consumer by reestablishing the "Who's Who in Prices" program. These actions include a comparison of the quality of national products with imported products based on Profeco laboratory studies.

—Taking action regarding the ethical conduct of trade organizations, supplier representatives, distributors, merchants, and businessmen through the different business chambers.

—In cases of improper trade behaviour not serious enough to merit sanctions, circulars will be posted in establishments warning consumers that that store does not comply with the Unity Agreement.

—Support for rural trade. Prices will be verified by Profeco's itinerant brigades to prevent price increases in remote areas. In this regard, rural consumers and municipal personnel will be trained as price inspectors.

—Improvement of service to the public, which includes modernization of communications, more telephone lines and free long distance service to calls made from the interior of the country; and the strengthening of conciliation as a way to solve differences.

—Reinforcement of the Community Social Program with advertising and educational campaigns in the news media.

—Attention to the austerity measures as resolved by the Comptroller General and Administrative Modernization Secretariat.

## Securities Exchange Reports Fall in Foreign Investment

*PA1501015795 Mexico City NOTIMEX in Spanish 1645 GMT 14 Jan 95*

[FBIS Translated Text] Mexico City, 14 Jan (NOTIMEX)—The Mexican Securities Exchange [BMV] has reported that at the end of 1994, foreign investments in Mexico totalled $51,562,260,000, a 32.58 percent drop in relation to the 1993 foreign investments figure.

The BMV said that in December the securities market secured $34,395,160,000 in foreign investments, a 37.04 decrease in comparison with the amount secured in the same month in 1993.

The BMV attributed this drop to the devaluation of the peso during the second half of December and to market prices that brought the Prices and Quotations Index [IPC] down to the 2,375.66 units level, 8.32 percent less than the previous month.

Meanwhile, foreign investments obtained via the money market through government securities such as Treasury Certificates, Tesobonos treasury bonds, Federal Government Development Bonds [Bondes], and Ajustabonos bonds, amounted to $17,167,100,000, 21.43 percent less than in December 1993.

Of the foreign investments that went to the securities market, $8,079,010,000 were obtained by Free Subscription Warrants [Libre Subscripcion]. This figure represents a drop of 37.40 percent nwith regard to 1993.

The Neutral Fund [Fondo Neutro] obtained foreign investments for $4,348,430,000, which is 31.85 percent less than the December 1993 figures.

In December 1994, the foreign investments obtained through American Depository Receipts [Recibos de

Deposito Americano—ADRs] amounted to a total of $21,162,850,000, a drop of 37.68 percent from the 1993 figure.

The Mexico Fund secured foreign capital for $765,580,000, a 43.86 decrease compared to the end of 1993.

Meanwhile, the intermediaries market [mercado intermedio] received foreign investments for $23,730,000, an amount 486.02 percent larger than the amount obtained at the end of 1993.

Finally, the instruments known as Warrants obtained foreign investment for $15.55 million, which represents a drop of 14.14 percent compared to December 1993.

### European Commission Offers Support To Stem Crisis

*PA1301234795 Mexico City LA JORNADA in Spanish 12 Jan 95 p 42*

[FBIS Translated Text] The European Commission yesterday sent a diplomatic note to the Foreign Relations Secretariat expressing its decision to help the Mexican Government face recent financial "difficulties." The note also said the commission will present proposals designed to strengthen ties between the European Union [EU] and Mexico.

In a brief note, the commission explained it has closely followed Mexico's progress in the fields of economics and politics and wants to contribute to the consolidation of these achievements.

The note states: "In welcoming the efforts being made by the international community and Mexico to face recent financial difficulties, the commission will soon present to the Council (of Ministers) and the European Parliament proposals on how to strengthen political, economic, and commercial ties between Mexico and the EU."

### Communications Secretariat Announces Appointments

*PA1701143995 Mexico City XEW Television Network in Spanish 0430 GMT 17 Jan 95*

[From the "24 Hours" newscast]

[FBIS Translated Text] The Communications and Transport Secretariat announced new appointments today. Carlos Casasus Lopez has been appointed the new deputy communications and technological development secretary. Alfredo Barandas is the new general ports and merchant marine coordinator, and Javier Lozano is the new senior officer.

### Emasculation of Rights Bodies Seen

*95CA0091A Mexico City LA JORNADA in Spanish 6 Dec 94 p 10*

[Article by Rosa Rojas and Jesus Aranda]

[FBIS Translated Text] The national human rights system "has been emasculated from the outset," asserted the president of the Mexican Human Rights Academy (AMDH), Sergio Aguayo Quezada. He then explained: What Carlos Salinas de Gortari may have gained by making the unilateral presidential decision to create the National Commission for Human Rights (CNDH), "he threw overboard" when he decided to "send" the chairman of the CNDH to Chiapas; this "wounded" the commission, which had already been hurt when Carpizo himself left to become attorney general.

Aguayo said that it is "unacceptable for us to continue tolerating this little game among the governors and the president of the republic whereby they manipulate the chairmen of state human rights commissions as if they were their employees," adding that "Salinas stands politely by while some governors commit outrages."

During his keynote address at the National Congress of Human Rights, which is being held to celebrate the 10th anniversary of the AMDH, he spoke about the challenges facing nongovernmental human rights organizations (NGO's) and society at large. He said that one of them is the battle to make state human rights commissions independent of the governors and to have their chairmen nominated by civil society and appointed by the state congresses.

Another challenge is "how to stop the new government from reducing the priority of human rights," and he urged that people make their voices heard and let Ernesto Zedillo and the political parties know that "we are not going to allow this." He added that the NGO's should bolster their presence in preserving "fundamental rights," that is to say, the ones relating to politics, elections, and the information to which people are entitled.

He also urged the organizations in attendance to further professionalize and modernize their efforts, to stress their "nonpartisan, nongovernmental" character, and to seek stronger links to the state commissions.

#### Inequality: A Violation of Political Rights

In addition, the participants in the 20 working groups at the congress, which is being held in the Alfonso Caso Auditorium at UNAM [National Autonomous University of Mexico], will issue a closing declaration. The preliminary version of it, which LA JORNADA has seen, states that "the Mexican political regime is based on a system of power distribution in which not all Mexicans participate on an equal footing"; this represents, "in practice, a violation of the political rights of a significant portion of the Mexican people," rights that are, in turn, among our human rights.

It indicates that the current trend towards globalization and the neoliberal policies that have been pursued "have lowered the living standards of most people." It emphasizes that the spread of extreme poverty inhibits the full and effective enjoyment of human rights, and thus the State must make a genuine commitment to alleviate such poverty immediately and later eliminate it, in accordance with the fundamental human right to development.

In Mexico, the document underscores, the full exercise of human rights is "a desideratum, inasmuch as human rights are often violated, particularly those of the Indians, peasants, and in general the native tribes and the people discriminated against because of gender, age, etc. At the same time, the Mexican State must champion and promote human rights and the Indian peoples."

It goes on to say: "The persons responsible for systematic violations of the elementary rights of the individual and of peoples are going unpunished owing to the concealment of governmental, Armed Forces, and police actions, complicity, and corruption. This has become a tragedy in our nation, inasmuch as it prevents justice from being served and the truth from being established and often allows crimes and violations that undermine the rule of law to recur."

It indicates that the defenders of human rights, the NGO's, and indigenous peoples must be effectively protected by establishing real guarantees for the discharge of their functions, by expanding their opportunities to intervene with national human rights institutions, and by establishing similar arrangements for involvement in the various local bodies. Thus, legislation should be passed to safeguard their activities.

In addition, all forms of censorship and violence against agents of the mass media must be eliminated; pluralism of news sources must be ensured, and access to the mass media must be facilitated for all schools of thought.

As for the Chiapas problem, the declaration that the participants at the congress will issue reaffirms that there must prevail a steadfast political conviction to resolve the problem as a conflict that concerns the entire nation, to maintain peace, and to strengthen dialogue and negotiation.

## Belize

### Authorities Uncover 'Massive' Drug Trafficking Operation

*FL1501205495 Bridgetown CANA in English 2238 GMT 14 Jan 95*

[FBIS Transcribed Text] Belize City, Jan. 14, CANA—Belize has charged two Colombians and a Honduran, following the seizure of cocaine the news media said had a street value above 40 million dollars (Bel). The three men were arrested in a joint Belize/British forces pre-dawn raid this week which uncovered a massive drug trafficking operation six miles outside of Belize City, on the Western Highway.

Charged are Marcos Antonio Calderon Cano, 29, and Carlos Arturo Pedoya, 31, of Perreira, Colombia and Pedro Noe Diaz, 28, of Maskal, Honduras. They were found in a house with 18 sacks of cocaine after the synchronised arrival of British forces via helicopter, the Maritime Wing of the Belize Defence Force by assault craft and the Serious Crimes Squad by land, the security forces said. The drugs was discovered in the attic of the house, which belongs to a Puerto Rican who is out of the country. Also discovered in the raid were some firearms and ammunition along with a number of freshly built crates painted with the weed-killer gramaxone, reportedly to offset the detection of the drugs.

Police Press Officer Omar Silva told state Radio Belize that the police are carrying out an intense investigation into persons connected with the Cali drug cartel who are here in Belize.

The Commander of the Serious Crimes Squad, Gerald Westby said the bust was the culmination of several months of surveillance and that an in depth investigation continues.

Police believe that the cocaine is part of a shipment originating from Colombia's Cali drug cartel due to markings on the bags. They say the drugs were apparently awaiting transhipment to the United States through Mexico.

Police gave a conservative street value of the drugs at 13.6 million Belize dollars (one Belize dollar; about U.S.49 cents) but THE BELIZE TIMES newspaper and Channel Five News both estimated the street value at three times that figure.

## El Salvador

### Progress on Land Transfer Program Assessed

*95P20384 San Salvador PROCESO in English 14 Dec 94*

[Published by the Central American University's Center for Information, Documentation, and Research; received via Internet]

[Text] Recently the government announced a new schedule in the process of land transfers. On December 7, the president of the Land Bank, Arturo Guth Zapata, said that the second stage of the process would wind up on December 23, while the last stage would be concluded by April 30, 1995. According to the Land Transfer Program proposed by the U.N. and agreed to by the government and the FMLN in 1992, the second stage was to be finished in April 1993, meaning that land transfers are about two years behind schedule.

Since then, there have been countless obstacles to the transfer of lands to former combatants on both sides. The obstacles have been mostly bureaucratic, and have managed to hold up the process for almost two years, although the transfers were one of the most important socio-economic demands presented by the FMLN during the peace negotiations. The social inequalities derived from overconcentrated landholding have profound historical roots, which explains why the ownership of land in El Salvador has been a hot issue for a long time. Although the overall amount of land involved in the program is not enormous, it does represent a historical precedent in terms of moving land from large and medium landholders to landless peasants. The land transfer program was expected to involve about 8.1 percent of all agrarian land nationwide, which is considerable. Unfortunately, the current state of the land transfer program reveals a tendency toward stagnation, despite a number of reschedulings.

#### The State of the Land Transfer Program and Obstacles

According to the Land Bank, 38 percent of the land transfer goals set forth in the peace accords have been met. This means that 78,100 acres have been distributed among former combatants of the FMLN and the Armed Forces: 63,600 acres among 12,477 former combatants of the FMLN as well as landless peasants, and 14,500 acres among 2,827 ex-soldiers. The process has cost about $26 million, and another $54 million are still to be spent.

According to the figures presented by the president of the Land Bank, the total area of lands to be negotiated is around 258,500 acres, although the original land transfer document established that the total was to be 354,600. Thus, the original financial requirements have been reduced from $143 million proposed by the U.N. to $80 million budgeted by the Land Bank. It is useful to note here that in the process of negotiating the total land to be transferred, the amount was reduced by about half.

According to the recently announced rescheduling, by year's end another 33 percent of the lands will be fully transferred. The FMLN's delegate to the Agrarian Commission, Antonio Alvarez, calls this goal "unrealistic," considering that it took over two years to transfer 38 percent of the lands under the program (La Prensa Grafica, 12/8/94).

Alternate figures provided by ONUSAL show that by October of 1994, 88,590 acres were distributed among

9,991 former rebels and 3,031 ex-soldiers. These figures do not alter the situation significantly, raising the percentage of completion of the accords from 38 percent to 43 percent.

The chief obstacles to the process seen more recently have been administrative and operational, although even so there has been no effective strategy to overcome them. Among the problems reiterated by Land Bank personnel are: difficulties in measuring the lands, frustrated efforts to contact legal owners, and the lack of legal documents to back up ownership, to mention only the most important obstacles. Other problems include the lack of a budget, and the conflicts raised by land transfers among different social sectors. Besides the specific problems, the issue of land ownership has always been a source of considerable social conflict in El Salvador, and has arisen repeatedly throughout history.

### Appropriation of Lands and Agrarian Reforms in El Salvador

In the case of El Salvador, the concentrated ownership of land is a factor which provokes greater social inequality, and thus became one of the most important causes of the civil war in El Salvador. An entire framework of concentration of wealth is built on the basis of concentrated land ownership, producing sharp contrasts between the rich and the poor.

Problems around demands for land by poor campesinos go back to at least the previous century. The research of authors like Browning (El Salvador: the land and its people) and Menjivar (Original accumulation in El Salvador) has established, on the basis of historical documents, that during the third quarter of the nineteenth century there was a large-scale appropriation of communally-held and village lands by private individuals; this land was mostly turned into coffee plantations.

Thus, a large part of the population was deprived of the chance to own land and earn an income. This means that there was no agreement among the parties involved, not even a minimally satisfactory one. This wholesale expropriation began to generate the conditions for social conflicts, manifested in outbreaks of revolt led by landless rural residents. There were a series of indigenous rebellions centered around land; most recently, social discontent around land took the form of the 1979-1991 civil war.

In 1980, when the first signs of civil war began to emerge, the government resorted to land reform as a way to alleviate the most serious social tensions at the time. The implementation of this policy was made possible by a government formally committed to social development, which had overthrown a government which had refused to carry out reform which harmed the interests of the business sector. However, the correlation of social forces was not conducive to implementing the agrarian reform as fully as projected, and fundamental social conflicts found their outlet in civil war.

The 1980 reform affected about 17 percent of all agrarian land. The second phase, however, was never implemented; it involved expropriating properties between 150 and 500 hectares, which represented 23 percent of all agricultural lands. If it had, a total of 40 percent of the nation's agrarian land would have been redistributed.

As part of the negotiations which ended the war, the two sides included an agreement on land ownership, particularly lands belonging to the state, those exceeding 245 hectares, those located in former conflict zones, and those which were taken over by landless peasants before 1991. Since then, the land transfer agreement has suffered the greatest delays of all the peace accords, which is not surprising given the precedents around land ownership and the social conflict it evokes.

In contrast to the proposals contained in the agrarian reform and land transfer programs, original accumulation of land in El Salvador implied the appropriation of communal and village lands in order to turn them into large private properties, without paying any compensation to the original owners. We are not saying that such a one-sided and self-serving tactic should be employed once again (at the time, it was supported by the government), but we should take into account that such transitions are traditionally conflict-ridden, and the government always plays a decisive role in the outcome.

### Considerations

In reviewing the principal reasons given for the stagnation of the land transfer program, we can see that it lacks the necessary financial resources, as well as sufficient agricultural properties which meet all the legal requirements for eligibility under the program. However, the greatest obstacle is the lack of consensus among all the parties involved, which is essential to make the transfers viable.

The commitments acquired by the government require it to take extraordinary measures to guarantee that the land transfers actually take place. If the government is truly committed to reforming the model of land ownership in El Salvador, it must take exceptional measures to rectify the flaws which have plagued the land transfer program for over two years. Although legal measures have already been taken to facilitate the process, more must be undertaken into order to overcome the problems which characterize some of the lands involved. These measures, however, would affect the business sector, and the government does not appear willing to do that under current conditions.

The state is becoming increasingly beholden to the business sector, as it has been since the beginnings of the Republic when it participated in the expropriation of lands. A simple look at current economic programs, in which a fundamental tenet is private sector involvement in all aspects of society, is enough to prove this point. The problems posed by social development require methods of economic and social organization which help decentralize wealth, and the land transfer program is an important step in that direction. The government's resistance (or at least indifference) to the program call into doubt its promise to benefit the poorest of the poor with measures which not only provide temporary social compensation, but also productive assets (in this case, land). Such a policy would be a more realistic way of fighting poverty through self-help programs.

The success of the land transfer program greatly depends on the government's attitude toward overcoming the obstacles hindering its implementation, particularly the alleged scarcity of agrarian lands eligible for transfer.

## Guatemala

### URNG Proposes Signing Agreements by 1 Feb

*PA1701183195 Guatemala City SIGLO VEINTIUNO in Spanish 11 Jan 95 p 2*

[Report by Carlos Canteo]

[FBIS Translated Text] The Guatemalan rebels grouped under the URNG [Guatemalan National Revolutionary Unity] yesterday proposed to UN Secretary General Butrus Butrus-Ghali the discussion of pending operational topics and the signing of the respective agreements on 1 February at the latest and then moving on to negotiate pending operational topics. [sentence as published]

The guerrillas urged the parties to fully adopt and respect the consensus of civilian society as outlined in the 30 November recommendations that deal socioeconomic aspects, the agricultural situation, strengthening of civilian power, the role of the Army, and constitutional reforms.

In order to do this, the rebels say, the two sides must meet 25-31 January to hammer out agreements with respect to the assembly's suggestions, approving these agreements on 1 February.

The URNG is proposing a 5 February start for talks on operational topics, which include bases for the reintegration of the URNG into the country's political life; an agreement for a definitive cease-fire; a timetable for the implementation, compliance, and verification of the signed agreements; and the signing of a firm and lasting peace agreement that will enable the demobilization process to get under way.

The guerrillas also propose using the Second UN Draft on the Identity and Rights of Indigenous Peoples as a basis for the talks to facilitate the discussion and to secure the signing of an accord as soon as possible.

The letter signed by the four URNG commanders accused the government of publicly releasing a reply to Butrus-Ghali's ultimatum as having evil intentions and as an attempt to distort UN goals and intentions. The letter added the Guatemalan Government's position has created an extremely tense atmosphere, which has been manipulated to put the URNG at a disadvantage by accusing it of delaying the process.

The guerrillas also denounced the government for citing a statement from a letter Butrus-Ghali sent to the parties because it does not reflect the fact that the interruption of negotiations between July and October was brought about by human rights violations and a failure to comply with a comprehensive agreement on this matter.

The URNG believes the Ramiro De Leon government has given the impression that it is open to the discussion of the Indian problem, but it unilaterally abandoned the negotiating table on 18 December to create a false crisis within the process. According to the basic agreement, the guerrillas argue, one party cannot unilaterally establish a deadline for concluding the discussion of any topic under negotiation. This is even truer in light of the fact that the other party has expressed a willingness to continue negotiating with urgency and within reasonable terms.

Although the guerrilla commanders have established no deadline for the signing of an agreement on the Indian issue, the government is proposing its signing between 9 and 10 January [as published] without a great deal of discussion, but the rebels are rejecting this.

### Minister Describes Proposal as 'Positive'

*PA1501015595 Guatemala City Televisiete Television in Spanish 0400 GMT 12 Jan 95*

[From the "Channel Seven News"]

[FBIS Translated Text] Defense Minister General Mario Enriquez has described a recent guerrilla proposal as positive.

[Begin Enriquez recording] I think it is pleasing to listen to them and see that they want to sign a firm and lasting peace agreement as soon as possible. I think this has been a very positive step that the government, through the Government Peace Commission, has to analyze, of course. [end recording]

## Honduras

### President Views Forged Visa Documents, Corruption

*PA1701164295 Tegucigalpa LA TRIBUNA in Spanish 13 Jan 95 p 8*

[FBIS Translated Text] President Roberto Reina yesterday demanded that the full weight of the law, and, if necessary, jail sentences, be applied to the individuals who forged his signature to obtain visas to travel to the United States.

Describing the action as a "grave abuse" and disrespect for the state, Reina warned that anyone involved in activities such as forging signatures will face "unimaginable" consequences.

In Reina's opinion, the forging of his signature to obtain U.S. visas is "an incredible action that should be condemned," and urged journalists to follow-up on the issue until it is resolved.

The issue is very simple, Reina said. Three people who wanted to travel to the United States falsified several documents, forged his signature, and claimed for themselves positions they do not hold, but they were detected by U.S. authorities." [no opening quotation marks as published]

He added that "the Attorney General's Office and courts must act to punish those who committed the grave crime of falsifying public documents."

Reina explained that his signature was "copied" but U.S. experts detected the forgery and canceled the visas.

### Ciudad San Mateo

Regarding the scandal involving the "Ciudad San Mateo" project which began under the previous administration, Reina said that this is one of the most serious and complicated problems he inherited from the previous government. He said that although he has been working on the problem for the past year, it has not yet been possible to resolve the issue.

He added that the commission appointed to work full-time on the issue has already issued a report. "I believe we should not tolerate any form of corruption in our country," he stressed.

He noted, however, that he cannot reach any conclusions because he has not yet seen the report. He added that he will make a decision later, because many irregularities must be clarified give confidence to the Hondurans people that their funds are being properly handled.

Regarding the possible halt of the San Mateo project, Reina said, "the case is very complex and difficult to understand because corrupt people do not make things easy, but more complicated.

"In my opinion, it is indispensable to enforce the law, and judges should be impartial and act correctly."

### Judgment a Key Factor When Punishing Minors

Reina said that when punishing criminals who are minors "we should not refrain from applying the law," but seek adequate means to judge them "because the age of criminals is a serious impediment."

He added, "the code rescinded many years ago was on the right track when it stipulated that it must be determined whether the minor acted with judgment, which is the key word."

### The "Cachos" [National Party members] Made a Good Decision

Reina said the suspension of a protest that the National Party had planned for 25 January was a "good decision," because demonstrations should be for political campaigns or to protest specific situations.

"It is not true that there is persecution: we are simply applying the law," Reina stressed, adding that "respect for a two-year truce is good, because it ensures that none of the political parties will be worn out in confrontational campaigns."

Reina confirmed he will travel to Lago de Yojoa on 15 January to meet with officials of the Central Executive Council of the Liberal Party, of which he is the president.

"If there is there is criticism of any official, we should listen to it, because I will not keep any official who breaks the law. On the contrary, my commitment is to those who comply with the law and act correctly," he stressed.

### I Am the President

While in Ocotepeque yesterday, Reina denied there will be any rationing in May as claimed by Adolfo Facusse, president of the Honduran Council for Private Enterprise, "because there is only one president of the Republic and and anyone who believes there are two presidents is wrong."

## Foreign Minister Explains Opening Havana Office

*PA1301174195 Tegucigalpa Telesistema Hondureno Television Network in Spanish 0100 GMT 12 Jan 95*

[Report by Edgardo Melgar; from the "This Very Day" newscast]

[FBIS Translated Text] The formalization of relations with Cuba is for real. Honduras will have commercial, cultural, and sports relations with the island before President Reina's term ends, but there will be no diplomatic relations, because the OAS must decide this matter. Foreign Minister Ernesto Paz Aguilar explained today the government's decision to open an interests office in Havana:

[Begin Paz recording] An interests office is one that handles problems and bilateral issues between two countries that do not have normal diplomatic and consular relations, as is the case with the United States, Costa Rica, Honduras, and a couple of South American countries. The rest of the countries have already normalized their relations. [end recording]

President Reina's decision has not been welcomed by some people; yet, it is nothing new. Cuban trainers were appointed to prepare Honduran teams in various sports, including volleyball, during the administration of former President Jose Azcona. Certain relations were resumed, after being suspended in 1961, during former President Callejas' administration. Businessman Miguel Facusse was the first Honduran to invest heavily in Cuba in the 1990's. Culture Minister Rodolfo Pastor Fasquelle visited Havana under President Reina's administration and announced a cultural exchange upon his return.

The two political parties have had dealings with Fidel Castro's government, in one way or another, during various administrations:

[Begin Paz recording] What our government has done is adopt the appropriate initiative of the National Party of Honduras [PNH]. I might say this point is an interparty policy, meaning the two parties, or at least their leaders, agree on this issue. Semi-official meetings have been held in our country between PNH leaders and high-level Cuban delegations, and the PNH has stated, through its authorities, it is willing not only to open an interests office in the future but also to establish diplomatic relations. [end recording]

The closest relations between the two governments were established recently during Cuban Foreign Minister Roberto Robaina's visit to Honduras in September 1994:

[Begin Robaina recording] All the doors are open, not only Fidel's. The doors are open for communication with Cuba, and the doors will remain open for communication with Honduras. [end recording]

There is no official information on the date for the installation of Honduras' interests office in Havana, Cuba, but we have learned this will happen during the first half of this year. It is practically a reality, and some people have said this actuality must be accepted with confidence but with precaution.

## Panama

### Immigration Official Discusses Rafters Issue

*PA1501234995 Panama City EL SIGLO in Spanish 12 Jan 95 p 56*

[Article by Betty W. Mendieta]

[FBIS Translated Text] Immigration General Director German Gil Sanchez said yesterday that the Immigration Department does not want to get involved in the immigration problems caused by the stay of the Cuban rafters in Panama until 3 March.

Gil Sanchez explained that since there is no agreement, when the deadline expires, the United States and Cuba, with the approval of the Foreign Ministry, will take charge of moving the Cuban citizens to the United States or to the Guatanamo Naval Base in Cuba.

According to unofficial reports, U.S. Charge D'Affaires Oliver Garza has said that the Governments of the United States and Panama have not rejected the possibility of reaching an agreement that will allow Cuban rafters who have Panamanian relatives to remain in Panama.

Garza said that his government has presented Panama with a number of cases of Cubans living in the camps who have expressed their desire to stay and live in Panama.

No further action has been taken to settle the issue of the Cuban rafters in Panama, Garza said.

According to Garza, the United States continues negotiations to relocate Cuban rafters who are in Panama, Guantanamo, and other nations.

Garza also denied the existence of any negotiations to extend the Cubans's stay in Panama.

### Human Rights Head Accuses UN of Apathy on Rafters

*PA1701233995 Panama City EL SIGLO in Spanish 17 Jan 95 p 44*

[Report by Rogelio Cordova]

[FBIS Translated Text] Yesterday, Osvaldo Velasquez, president of the Panamanian Human Rights Committee, described the presence of armored personnel carriers [APC's] surrounding the refugee camps as a psychological attack.

He said the APC's are there to instill fear and are a threat, and he accused the United Nations of apathy toward finding a solution to the rafters' problems.

The statements were given during a proposal made by the Panamanian Human Rights Committee during the Central American Seminar of Ombudsmen held in Guatemala on 12 and 13 January. The proposal urges the governments involved to seek a dignified and humane solution for the refugees.

Likewise, the seminar calls on Latin American governments to comply with international pacts and agreements on the subject in order to find a fast solution to the situation of the Cuban rafters.

In addition, it was decided in an adopted resolution to support the work done by the Panamanian Human Rights Committee in favor of decent, humanitarian, and appropriate solutions for the Cubans.

Velasquez said one of the reasons there has been no solution to the rafters' problems is "due to the negligence and apathy of the office of the UN High Commissioner for Refugees, which has done very little or nothing."

The resolution considered that "Latin American states and their citizens have observed with consternation the development of the crisis afflicting Cuba, which has caused a great number of displaced people."

Likewise, the resolution states "the so-called rafters, Cuban refugees, have been placed in military bases in Panama and Guantanamo, in conditions described by humanitarian organizations as unacceptable."

The resolution states "the Panamanian Human Rights Committee has been able to ascertain this matter entails serious violations of basic human rights."

## Column: U.S. Has Responsibility To Accept Cubans

*PA1701185995 Panama City LA ESTRELLA DE PANAMA in Spanish 17 Jan 95 p 1*

[From "LA ESTRELLA DE PANAMA Opinion" column]

[FBIS Translated Text] It is well-known that the U.S. Government has been encouraging the departure of thousands and thousands of men and women of all ages from Cuba for more than 30 years by various means. When the Cubans landed in Florida, they were warmly welcomed and immediately given the necessary means to live in that country. Such a generous and humanitarian policy, which has always merited unconditional applause, reached its pinnacle recently when U.S. authorities ordered U.S. ships to move closer to the Cuban coasts to pick up rafters to prevent them from risking their lives on such a long and dangerous voyage.

Nevertheless, without any prior warning and almost from one day to the other, the Washington Government suddenly began changing its position on the rafters. Now, those rafters picked up by U.S. ships are no longer taken to the United States, which is where the rafters want and hope to go, but rather to Guantanamo. In an incredible and unprecedented operation that has no legal grounds in international law, the rafters are currently being locked up in barbed-wire camps.

Evidently, the thousands of rafters who are housed at Guantanamo and in Panama against their will would never have gone into the sea if they had known what was going to happen.

Clearly, Washington has the moral responsibility of expediting the rafters' prompt entry into and permanence within U.S. territory, just as it has done with other exiled Cubans. In this way, the U.S. Government will end an aberrant, discriminatory situation that cannot be justified.

## Chairman on Reduction of Foreign Military Personnel

*PA1301191695 Panama City EL PANAMA AMERICA in Spanish 13 Jan 95 p A-3*

[Report by Carlos Vargas]

[FBIS Translated Text] Oyden Ortega, chairman of the Legislative Assembly Foreign Relations Commission, has said Panama must demand the gradual reduction of foreign military personnel despite the deployment of U.S. troops to the Panama Canal to ensure the departure of the rafters.

Ortega has said Panama must demand the gradual reduction of the U.S. troops so as to guarantee there will be no more foreign soldiers in the former Panama Canal Zone by the year 2000.

The 1977 Treaty states there should never be a greater number of troops than those that existed in the Canal area when the treaties went into effect on 1 October 1979 according to Legislator Ortega.

The former foreign minister has said the important thing is for these troops never to be stationed together in an area where they can exceed the number of troops that existed on 1 October 1979 despite the deployment of U.S. troops to the Canal area.

On the return of the rafters to the Guantanamo base, Ortega has said he agrees with that position, because they will still remain under the responsibility of the U.S. Government.

He has said Panama could have only denounced the violation of the Geneva Convention had the United States decided to return the rafters back to Cuban territory, given their condition as political refugees.

The Guantanamo base is under the military jurisdiction of the United States; therefore, they will still remain under the responsibility of the U.S. Government, Ortega has said.

There is much concern among the Cubans lodged in camps in Panama, because they are unsure whether they will be sent to third countries.

## Foreign Ministry Criticized Over Canal Workers Issue

*PA1701011095 Panama City LA PRENSA in Spanish 16 Jan 95 p 1-A*

[Article by Iveth Vega G.]

[FBIS Translated Text] Panama has an ineffective Foreign Ministry that does not solve national problems and is only concerned with international issues, such as the rafters, Miguel Bush, legislator of the PRD [Democratic Revolutionary Party] said.

Bush accused officials of the Foreign Ministry of not giving importance to the problems facing about 1,000 Canal area employees working for a company on the military bases known as AAFES (Army and Air Force Exchange Services), who are being fired in an irregular manner.

According to the legislator, the Panama Canal area laborers are being fired because many military bases will soon revert to Panama, and this business must close down.

"These workers are not receiving compensation and the benefits to which they are entitled by virtue of the Torrijos-Carter Treaties, and the Foreign Ministry knows this but has done nothing," Bush added.

The legislator pointed out that the assembly's Foreign Relations Commission tried to get Juan Antonio Tack, director of the Panama Treaty Affairs Executive Directorate (Depat), and foreign minister advisers, including Daniel Delgado Diamante, to listen to the workers. He added that although these officials promised to come up with a reply within three days, nearly two weeks have passed and these workers have not been received.

How can my government, Foreign Minister Gabriel Lewis Galindo, and his team of advisers be such liars with regard to the case of these poor and humble workers? These are Panamanians who deserve the foremost attention from our government; but no, they are involved in the problem of the rafters and what have you," Bush noted.

He presented to the Assembly Directorate a proposal that would allow the Canal Affairs Commission and the Foreign Relations Commission to summon Foreign Minister Gabriel Lewis Galindo to address this problem in upcoming days.

"It is inconceivable that I have been hearing a number of complaints from these poor Canal area workers in the past 15 days, that they are seeking help and direction but have received no support from the authorities. What bothers me the most as a member of the official party is that these things should be attended to in the same way that the problem of the Haitians and rafters is, even if we lie [as published] to them, we should address their problems," the PRD legislator said.

"These officials are doing nothing, they are ineffecitve," he added.

The reforms to the law on the Interoceanic Region Authority [ARI] that will soon be debated by the Legislative Assembly establish new duties for ARI, such as ensuring that Panamanians who lose their jobs due to a cessation of duties or activities at the Canal Commission or Armed Forces of the United States of America, as a consequence of the Torrijos-Carter Treaties, will have priority in jobs generated by this law as well as in companies that will be established in the reverted areas.

According to the reforms, the ARI must also support the Panamanian directors of the Canal Commission Board of Directors and the Depat in the promotion of an effective and increasing participation of Panamanian citizens in that commission.

LA PRENSA journalists talked to Foreign Ministry Spokesman Eric Rodriguez Auerbach over the telephone. He said that Foreign Minister Gabriel Lewis Galindo was out of town.

Rodriguez Auerbach added that as soon as he had full details on the statements by legislator Bush the Foreign Ministry would reveal its position regarding the issue of the Panama Canal workers.

## Economist: Policy Drafters Should Not Wait for NAFTA

*PA1701034495 Panama City EL SIGLO in Spanish 16 Jan 95 p 56*

[Article by Rogelio Cordova]

[FBIS Translated Text] Alejandro Cordero, president of the Association of Economists, has said that Panama has not been adopting aggressive measures to join the big international markets because it is waiting to be accepted into the North American Free Trade Agreement [NAFTA] and that is what has been obstructing the country's economic policy.

He said "the country has not been adopting aggressive measures to join the big markets and proof of this is that there is a total lack of communication with the so-called Association of Pacific Basin Countries, which will definitely be the area that will experience the most dynamic economic growth in the 21st Century."

Cordero added that "the Mercosur [Common Market of the South] has just been formed with a market of more than 100 million persons and with an economy of $800 billion.

Those in charge of drafting our economic policy, however, are doing nothing to join those giant markets because they are waiting to be accepted into the NAFTA, and that is obstructing our economic policy, the economist said.

The president of the Association of Economists said "they are betting on the idea that to have economic growth and development, Panama has to be accepted into NAFTA of the United States, Canada, and Mexico."

The situation in Mexico, which underwent the devaluation of the peso by more than one third of its value in late December, summoning the ghost of runaway inflation, must be something to bear in mind by those in charge of drafting our economic policy," he pointed out.

Cordero said, "perhaps this is not one of the best roads to follow to resolve our economic problems."

Likewise, he said "our economy cannot grow on our domestic market alone. It has to grow by expanding into foreign markets, and, in that regard, the country does not have a clearly defined reconversion policy for our productive and nonproductive sectors in order for them to find international markets."

# Argentina

## Menem To Make 'Pertinent Contacts' on al-Qadhdhafi Request

*PY1701154995 Buenos Aires NOTICIAS ARGENTINAS in Spanish 0103 GMT 17 Jan 95*

[FBIS Translated Text] Buenos Aires, 16 Jan (NA) —President Carlos Menem reported tonight that he will "quickly make the pertinent contacts" in order to answer the request of Libyan leader Mu'ammar al-Qadhdhafi, who has asked Menem to intercede before the United Nations and request an end to the embargo against that North African nation.

Menem received a letter, which was handed to him personally by a special envoy of the Libyan president, from al-Qadhdhafi last week in which he requested that Menem "intercede before the U.S. Government and the United Nations regarding the embargo that Libya is currently suffering."

"I have given him the appropriate answer. Of course, I will quickly begin the pertinent contacts and we will see what happens. It is not an easy situation," Menem said.

Moving on to another topic, Menem stated that Israeli Foreign Minister Shim'on Peres is "an excellent politician," and he highlighted the fact that "he is making huge efforts to pacify and secure peace in the Middle East."

Menem stated that during their meeting at the Olivos residence on 13 January, Peres did not demand anything from the government with respect to the investigation into the attack against the AMIA [Argentine-Israeli Mutual Association] headquarters; on the contrary, he lauded him, indicating that the Argentines "must look after the president that they have."

Menem lamented the conflict between the Russian Federation and the separatist republic of Chechnya, and expressed the opinion that the situation in that region "is becoming complicated; it is creating a difficult situation for other countries in the world and, in particular, for the United Nations, which does not know how to stop this senseless war."

"The resistance of the Chechens must be one of the most heroic of recent times," Menem said when highlighting the disparity of the two forces.

Finally, Menem referred to the situation that is being experienced by Spanish Prime Minister Felipe Gonzalez, whom he called "a friend," and he invited him to visit Argentina.

The president had telephoned Gonzalez on 13 January to express his "solidarity regarding the difficult times that Gonzalez is experiencing."

## Menem Rejects Total Dollarization of Economy

*PY1701165095 Buenos Aires NOTICIAS ARGENTINAS in Spanish 0047 GMT 17 Jan 95*

[FBIS Translated Text] Buenos Aires, 16 Jan (NA) —President Carlos Menem today flatly rejected the possibility of imposing a total dollarization of the Argentine economic system when he stressed that bimonetarism "is an advantage of convertibility."

"The Argentine peso is in great demand and it is received in any part of the world," the head of state stressed in a chat with the journalists accredited to Government House.

Menem indicated that the mini-trip Economy Minister Domingo Cavallo made to the United States last week to emit calming signals to foreign investors was "totally successful."

Moreover, he warned that the "ups and downs" can continue on the Stock Exchange as a consequence of the crisis that is affecting Mexico and causing repercussions in all Latin American markets.

Menem stressed that "there was a balanced and coordinated movement with the measures that have been adopted within the country," in an allusion to the resolutions that have been issued by the Central Bank to advance the dollarization of the economy, which, together with the minister's task, "have allowed investors to differentiate between Argentina and Mexico."

The president reaffirmed that a "bimonetary" system will be maintained "because that is an advantage of convertibility," and he highlighted the fact that the government "is in a position to put pesos and dollars into circulation."

He indicated that the elimination of the exchange gap of the dollar for inter-bank operations "is favoring the development and growth of the industrial sector and also makes the economy more efficient."

Menem estimated that inflation in 1995 will not surpass 4 percent, and he stressed that Argentina "will continue to grow."

## Cavallo Views U.S. Visit; 'Important Endorsement' Received

*PY1701144395 Buenos Aires TELAM in Spanish 0017 GMT 14 Jan 95*

[FBIS Translated Text] Buenos Aires, 13 Jan (TELAM) —Economy Minister Domingo Cavallo emphasized today that he obtained an important endorsement in U.S. financial circles and excellent reporting in the media of that country during his recent stay in New York.

"The meetings with fairly numerous audiences that included investors, bankers, and administrators of pension funds went very well," Cavallo stressed during the late afternoon, just after his meeting with President Carlos Menem at the Olivos residence.

At the end of his meeting with the head of state, Cavallo said that "I explained (to the president) that during my stay I expounded on the progress of the economy, emphasizing that what happened in Mexico can never happen in our country, especially due to the convertibility of the Argentine peso."

Cavallo maintained that "the strong support the U.S. Government gave to Mexico is helping to stabilize its system and this also plays in favor of our country and the rest of the region's countries in order to prevent more phenomena such as those that have already occurred."

The minister maintained that "the recent remarks about Argentina made by IMF President Michel Camdessus to the effect that Argentina is going to emerge from the dark night of its economy are now fully valid."

He highlighted the understanding of the U.S. media, and he cited an article published in THE WALL STREET JOURNAL "in which the strength of the Argentine currency is pointed out."

Cavallo also mentioned "other articles that were published yesterday in THE NEW YORK TIMES and THE ECONOMIST," pointing that the latter "notes the importance of the convertibility of the peso and the fact that this immunizes Argentina against the risk of a devaluation such as the one that occurred in Mexico."

This notwithstanding, he admitted that "we have problems, such as the high rate of unemployment," but he made it clear that "we have the instruments to resolve this problem, especially if Congress debates and approves the labor laws, particularly those that relate to an increase in employment by the PYMES" [Small and Medium-Sized Enterprises].

Cavallo also stated that "the law that will authorize the issuance of mortgage ownership certificates has already been drawn up, and this means that there will be an increase in the financing for housing and a stimulus in the rhythm of the growth of the construction sector, something that is very important."

## Economy Minister Cavallo Views 'Storm'

*PY1801023095 Buenos Aires CLARIN in Spanish 15 Jan 95 pp 2-5*

[Interview with Economy Minister Domingo Cavallo by CLARIN reporters Julio Blanck, Sergio Clancaglini, and Marcelo Bonelli in Buenos Aires on 13 January]

[FBIS Translated Excerpt] [CLARIN] Minister Cavallo, has the Argentine economy weathered the storm?

[Cavallo] The turbulence we are now facing is not as worrisome as what we had last week. Still, we cannot yet say that we have entirely weathered the storm. We will have to keep our eyes open. Nevertheless, we have achieved something important, namely that investors who are sophisticated enough to distinguish between countries are now able to differentiate between Argentina and Mexico. There is a considerable number of investors, however, who draw no distinction between countries, but rather think in terms of regions, and when they decide or refuse to make investments they talk of Latin America instead of any one country in particular. What has helped in this case is the strong commitment by the U.S. Administration, through President Clinton, and also by lawmakers to give major financial aid to Mexico. If this becomes true and things go back to normal in Mexico, the calm will return once again to the entire region.

[CLARIN] Now if problems crop up again in Mexico, will the storm sweep over Argentina once again?

[Cavallo] Even if the storm continues unabated for some time, Argentina will be in a relatively better position than in the last three weeks, because I think we have won the battle of making investors aware of the differences between Argentina and Mexico.

[CLARIN] To what extent were the dollarization measures announced some days ago instrumental in weathering the storm?

[Cavallo] I would rather talk about greater convertibility than about a further dollarization. In other words, there is no doubt whatsoever now that we will continue with the Convertibility Plan to the bitter end. I do not think that will entail a greater dollarization of the economy. Those measures will bring about a greater confidence in the Argentine peso, as facts will prove. We will come off in better shape, and there will be greater trust in the ability of the dollar-exchange system to withstand these kinds of external shocks.

[CLARIN] Do you not think rather that people will feel less confident, now that they have seen that the Convertibility Plan has been shaken for the first time?

[Cavallo] No, on the contrary, people realized that the plan is wholly robust.

[CLARIN] Still, you will certainly agree with the fact that until mid-December, everybody thought that the country would never again receive such a jolt. And yet it did.

[Cavallo] I think people felt that the plane was being flown by pilots who knew how to fly it through a storm, even if it was of the worst kind. This is why I think this is also going to pay dividends in the elections. I think people are going to say: Imagine what would have happened if [former President Raul] Alfonsin, [Radical Civic Union presidential candidate Horacio] Massaccessi, [Grand Front presidential candidate Carlos] "Chacho" Alvarez, or [Open Politics for Social Integrity leader Jose Octavio] "Pilo" Bordon had been at the helm in such a situation. I think people have become aware that the country has sound economic and political management and that it has a very robust system, so that regardless of how terrible the storm is, it will come safely through.

[CLARIN] On the one hand you consider that the economic model is sound, but at the same time contend that other pilots would be a failure if they were behind the wheel. Are you not giving the impression that the situation is too much dependent on Cavallo?

[Cavallo] I believe that it is rather dependent on Menem than on Cavallo. It is a matter of political and economic leadership to conduct the country. I think Argentines will realize that with Menem at the helm and Cavallo handling the economy portfolio, they will surely ride out any storm, no matter how violent it may be. I do not think they will feel so safe with other pilots. They have already had the experience of being guided by Radical Civic Union economic and political pilots. Fortunately they left the cabin shortly before landing, and left Menem in control, because otherwise we would have crashed into the ground.

[CLARIN] Hence you think that far from damaging Menem, this situation will benefit him in the run up to the elections?

[Cavallo] I am absolutely positive. Moreover, it will also benefit us economically in the medium and long term, because we will have overcome a difficult situation and showed great soundness.

[CLARIN] And in the short term, Minister Cavallo, what will happen in 1995, not with the economy of big figures but rather with the economic situation of the men and women who will read this interview on 15 January?

[Cavallo] They will be a little bit better off than in 1994. Why? Because we the country will grow, as in 1994.

[CLARIN] Do you not believe that last year's growth is for many people like a ghost growth, which appears in statistics but which many people cannot see?

[Cavallo] But of course they can!... Many people have been able to purchase many more cars than before; many more families have been able to buy another television set, have been able to travel to different places in Argentina and abroad, many more families have been able to buy more things, ranging from beer to chicken or milk...

[CLARIN] It is also true that there are many more families that are short of money to pay for the things they have bought on credit.

[Cavallo] What do you mean by saying they are short of money? Salaries are either at the same level or have been slightly increased, while installments have not gone up...

[CLARIN] Would you recommend purchasing in pesos or dollars throughout 1995?

[Cavallo] It makes no difference whether one purchases things in dollars or pesos. The best thing is to pay cash, so that one does not owe any money. Nevertheless, if one has to ask for a loan one should go ahead and do it. Even if I had to run into debt for years I would nonetheless purchase a home.

[CLARIN] In dollars?

[Cavallo] It is exactly the same whether it is in pesos or dollars. Now one thing is certain—I would not pay a higher interest rate, not even a point, to contract debts in pesos. This is why some weeks ago I said that people should not incur debts, because interest rates were very high at that time and were bound to go down soon.

[CLARIN] Therefore, you claim that people may contract debts without any risk...

[Cavallo] Of course one has to make sure that one has the money for the installments, but those who contend that one should not contract debts in dollars are wrong—it makes no difference whether one owes dollars or pesos, because I am sure that no administration, be it us or any other, will modify the dollar-exchange system, because it would be suicidal. Whoever tampers with the dollar-exchange system would be digging his own grave, because he will be ostracized from the political scene for good. [passage omitted]

[CLARIN] This plan has brought about stability, but will we have to get used to the fact that it presupposes a high level of unemployment?

[Cavallo] No, absolutely not. Unemployment would be higher with another plan...

[CLARIN] But we are talking about this plan, and not another one.

[Cavallo] Now, let us begin with these basic questions: Do you know of some other plan that is able to bring about more growth than this one? Do you know of any previous experience in Argentina or elsewhere in which the economy grew by 33 percent in four years?

[CLARIN] That is the problem, Dr. Cavallo. If there is unemployment with the present levels of growth, what is going to happen when things go back to normal?

[Cavallo] What do you mean by going back to normal?

[CLARIN] Well, when the growth rate is lower, as it is estimated for this year...

[Cavallo] Obviously, there is no doubt whatsoever that if the growth rate were lower there would be more unemployment—unless labor laws changed. I am going to say it once again: Labor laws are the root cause of unemployment in Argentina. [passage omitted]

[CLARIN] Has the turbulence the economy experienced helped to stop the clashes between you and President Menem?

[Cavallo] There are numerous articles in the press that discuss that issue every single week, but I do not think that people share that view. Do you want to know why? Because Argentines have much common sense, and they know that when Menem says that he and Cavallo make up an inseparable team, he is telling the truth. [passage omitted]

[CLARIN] But you have had some serious rows.

[Cavallo] After such a long time of working together, and having taken on so many responsibilities, it is quite normal that at some point President Menem may have been annoyed by something I said, or that I may have been shocked by President Menem's attitude. These things happen, as in any marriage. There are things...

[CLARIN] Don't make that comparison, Minister Cavallo, it will set tongues wagging...

[Cavallo] Still, in any relationship, when people live together there are things that may at a certain point bring joy or problems. This obviously happens with us, too, but I have never ever felt that Menem no longer supported me, and Menem has never ever felt that he could not count on my support in terms of loyalty and efficiency. [passage omitted]

[CLARIN] The dollarization measures served to calm down markets and the country's finances, but there are those who believe that they will bring about more recession, an economic downturn.

[Cavallo] That is totally wrong. We had a financial crisis, and now that it is over we return to the situation prevalent before this crisis, with the economy growing at 6.5 to 7 percent annually, exports expanding by 27 percent, and imports increasing by 10 percent in the fourth quarter of 1994.

[CLARIN] So the crisis involved no costs at all?

[Cavallo] On the contrary, we will stand to gain from it because there will be more confidence in Argentina. Those who had their doubts about the resilience of the Convertibility Plan to withstand crises no longer feel uncertain. We have passed the test. Another positive thing is the privatization plan. Just think that during the previous administration, the government's debt climbed to $100 billion, including that of the public sector, bonds payable, the external debt, and the debt contracted with multilateral organizations.

[CLARIN] And at present?

[Cavallo] The government's total public debt has been reduced by some $30 billion, and presently amounts to $71 billion.

[CLARIN] Banks are another cause for concern. It is said that several are enmeshed in a crisis.

[Cavallo] We strongly believe that none of the banks in which people deposit their money will go bankrupt. People may rest assured, because the Central Bank carefully oversees all banks. The ones that had problems are not the banks that have thousands of savers, but rather those in which a few investors make substantial deposits. A run on those banks, therefore, triggered a crisis.

[CLARIN] Will the government do nothing if banks go bankrupt?

[Cavallo] The banks that are in the black and have a good portfolio will not go bankrupt, and most of them are in that position. [passage omitted]

## Brazil

### Foreign Ministry Denies End to U.S. Antidrug Aid

*PY1701145995 Madrid EFE in Spanish 2304 GMT 15 Jan 95*

[FBIS Translated Excerpt] Brasilia, 15 Jan (EFE)—The report on the discontinuation of the U.S. aid for the antidrug fight in Brazil, allegedly because of the government's lack of political will, "is ungrounded," the Foreign Ministry stated in Brasilia today.

The Foreign Ministry gave assurances that the antidrug aid continues to be extended, although it admited that the United States has reduced by 50 percent its economic support to all Latin American countries.

CORREIO BRASILIENSE and the ESTADO news agency reported on 15 January that the United States discontinued its financial aid for the antidrug fight in Brazil, because it found out that the government has no political will to repress drug consumption.

The report adds that a U.S. State Department message arrived in Brazil before President Itamar Franco (1992-94) handed over power to his successor, Fernando Henrique Cardoso, on 1 January.

"The aid has been granted within the framework of the Memorandum of Understanding for Narcotics Control, which was renewed in September 1994 and which establishes the amounts destined for bilateral cooperation programs in this area.

"The U.S. aid conforms to a domestic guideline issued in keeping with U.S. budget restrictions and with a new orientation of the drug control policy, which seeks to dedicate more funds to preventing domestic demand rather than to repression in other countries," a Foreign Ministry communique said.

The note adds that "the Brazilian Government attaches high priority to the fight against the scourge of illegal narcotics trafficking, and is striving—at both the national and international levels—to eradicate it." [passage omitted]

### Lampreia Discusses MTCR, NPT, Cardoso's U.S. Visit

*PY1601211095 Sao Paulo GAZETA MERCANTIL in Portuguese 12 Jan 95 p 5*

[Article by Maria Helena Tachinardi in Brasilia]

[FBIS Translated Excerpt] Foreign Minister Luiz Felipe Lampreia yesterday told GAZETA MERCANTIL that Brazil will join the Missile Technology Control Regime (MTCR) during the MTCR meeting scheduled for October in Germany.

During his visit to Brasilia late last year, U.S. Defense Secretary William Perry made it quite clear that joining the MTCR is an essential step for the United States to start space cooperation with Brazil.

According to Lampreia, the Brazilian Government does not intend to sign the Nuclear Nonproliferation Treaty (NPT). It will merely participate as an observer at the NPT review meeting to be held in in Geneva in April. Argentina has already announced that it will join the NPT during the April meeeting. [passage omitted]

Itamaraty is already preparing for the visit President Fernando Henrique Cardoso will make to the United States on 20 April. On 6 January, Lampreia met with U.S. Ambassador Melvyn Levitsky; while Brazilian Ambassador Paulo Tarso Flecha de Lima met in Washington with Alexander Watson, the U.S. assistant secretary for inter-American affairs.

Without citing the topics of the new agenda for discussions with the United States, Lampreia announced that cooperation in drug enforcement will be discussed with Washington.

According to Lampreia, there are no stumbling blocks on the agenda with the United States. He noted that the lack of protection for pharmaceutical patents that had provoked conflicts between the two countries in the area of intellectual property "is no longer listed as a problem." Lampreia said that several Senate committees "have been working hard" to prepare an alternate proposal that would be voted on by the Senate plenum to implement regulations governing trademarks and patents. [passage omitted]

## Equal Treatment for Private, State Banks Urged

### Interview With Febraban President

*95SM0096A Sao Paulo FOLHA DE SAO PAULO in Portuguese 12 Dec 94 p 1-4*

["Excerpts" from interview with Mauricio Schulman, president of Brazilian Federation of Banks, by Fideo Miya and Rodney Vergili; place and date not given: "Compulsory Deposits Have Harmful Effects, Says Schulman"; passages within in italics as published]

[FBIS Translated Text] *In taking over as president of Febraban (Brazilian Federation of Banks) in Sao Paulo last Thursday, banker Mauricio Schulman, 62, delivered a speech that was accommodating in tone, but he was careful to alert the government to the harmful side effects of the "fiscal wedge" represented by the compulsory deposits on banking operations and by taxes.*

*He said that "the banks are not opposed to strong measures, not even those having a severe effect on them, provided that the measures are useful and effective from the standpoint of the greater purposes of society"—a reference to the credit-tightening measures adopted since the introduction of the Real Plan.*

*But he added that it was necessary "to pay attention to the side effects of the measures adopted, particularly when they cause prolonged instability that is never limited to the financial market but eventually contaminates the entire economy by encouraging activity by speculators and opportunists."*

*Schulman, who will head Febraban for the next three years, is chairman of the boards of directors of Bamerindus [expansion not given], the country's third-largest private financial group, and the National Iron and Steel Company (CSN), Latin America's largest steel producer, which was privatized in 1993.*

*A civil engineer who specialized in electric power and economics in France, he has also held government posts in Parana, where he was secretary of finance, and in the federal area, where he was head of the now-extinct National Housing Bank (BNH) and of Eletrobras [Brazilian Electric Power Company, Inc.].*

*Here are the main portions of the interview granted to FOLHA DE SAO PAULO:*

[FOLHA DE SAO PAULO] Concerning relations between the government and the banks, how do you view the issue of compulsory deposits, which have resulted in the liquidation of seven small banks since the introduction of the Real Plan?

[Schulman] Let us look at the causes rather than the effects and symptoms. The government's objective, through its measures of a financial and monetary nature, was to prevent that surge of consumption which everyone welcomes but which soared so fast in some areas that it was outpacing the availability of products, thus generating inflationary pressures. So the government adopted measures consisting first of the compulsory deposit on term deposits and then the compulsory deposit on financial investments, the purpose being to slow the pace, and it certainly picked the right dose.

[FOLHA DE SAO PAULO] Did those measures have the desired effect?

[Schulman] Reports are that demand fell by some 15 percent in November in comparison with September. There was a huge drop in sales of used cars, and that will gradually reduce the pressure on new automobiles and tend to reduce the premium that existed on most of the popular models.

[FOLHA DE SAO PAULO] What about the impact on the banks?

[Schulman] The remedy did indeed have an effect, the only problem being that like any remedy, it is having side effects that are extremely harmful to those who lacked the antibodies for protecting themselves. Some even succumbed from those side effects. I am talking about financial institutions whose loans were out of sync, either in terms of the currencies involved or in terms of loan due dates—sometimes at very advantageous interest rates—because they were granting loans for six, eight, or 10 months and borrowing day-to-day money. When liquidity was tightened, they lost their day-to-day money and ended up succumbing. Obviously, those whose operations were more in sync and whose loans to their customers were for terms similar to those of the loans they were obtaining from other banks or from the market are having no problems.

[FOLHA DE SAO PAULO] How do you assess the situation of the banks that were liquidated?

[Schulman] I would say that they were already not in equilibrium to some extent and that in many cases that was why they were earning a lot of money. For example, they were concentrating on lending long-term and borrowing short-term, whereas many others, on the contrary, were moving rivers of money by lending short-term and borrowing long-term. The method of operation and trends in interest rates end up producing very large differences in that kind of leveraging. The problem comes when one gets caught in the reverse situation.

[FOLHA DE SAO PAULO] Can you give an example?

[Schulman] For example, many good and capable institutions have lost money on foreign exchange over the past few months. They did not believe that the exchange policy called for maintaining a large differential with respect to the plan's original one-to-one parity. The rate on the free market was in the neighborhood of 85 or 83 centavos to the dollar. Many of them were gambling that that situation would be very temporary and that within two or three months, we would return to one-to-one parity. Now they are losing the difference.

[FOLHA DE SAO PAULO] What about the crisis in the state banks?

[Schulman] One cannot form generalizations about the problem in the state banks. Some are doing well, and others have structural problems due to operating costs that cannot be covered because of the currency's stability, the reason being that as is true of the private banks, they are no longer making money on the float.

[FOLHA DE SAO PAULO] What difficulties do you identify in the state banks?

The difficulties in the state banks derive in part from the same evils that affected the small banks: they were out of sync. They were granting customers loans for terms longer than the terms of the loans they themselves were obtaining. Some of them are contaminated by the cash difficulties of the Treasury to which they belong. Others, in keeping with the interests of the controlling entity itself, engaged in loan operations in which the borrower firmly intended not to pay off the loan when it expired but to roll it over into new loans.

[FOLHA DE SAO PAULO] Would an independent Central Bank solve the problem?

[Schulman] Every bank, whether public or private, must analyze its situation. I feel that in that transition, it is the duty of the Central Bank to work with the controlling stockholders to find a solution. If a bank is having temporary problems that the stockholders are capable of solving within a reasonable period, I feel that the Central Bank must find mechanisms for overcoming the problem so as to avoid trauma in the market. But if a private or public bank is having structural difficulties and the controlling stockholder is in no position to rescue it and wants to leave it the way it is, then the Central Bank has no alternative except to do its duty.

[FOLHA DE SAO PAULO] What are your thoughts on the privatization process?

[Schulman] The government must devote itself to its essential functions: sanitation, public health, education, and safety. If the government diverts its attention to other areas, it ceases to perform its essential functions.

I feel that it must stop being involved in things that are not essential to government. And that means everything.

[FOLHA DE SAO PAULO] Even government banks?

[Schulman] The country is not yet mature enough to get along with no public banks. They play an important role in some areas of activity in which the government ought to be the prime player because of their nature. There are businesses in which private enterprise plays a complementary role—agricultural credit is one that I can mention.

[FOLHA DE SAO PAULO] How have the banks prepared for the stabilization of the economy?

[Schulman] The banks have been preparing since the first economic plan in 1986. Bamerindus—to take one example—has invested heavily to computerize its branches, thus reducing its costs by emphasizing self-service for its customers. We put a lot of effort into the "People who accomplish things" marketing campaign, and it won the Aberje [expansion not given] prize. During that same period, we also believed in the opening-up of the Brazilian economy, and Bamerindus is now Brazil's chief financial agent in the field of imports. In the international area, it is currently Latin America's first bank to have offices in Hong Kong.

[FOLHA DE SAO PAULO] What sort of relationship will Febraban have with the government?

[Schulman] Febraban has 17 technical committees representing about 800 bank managers. Every idea that comes up is debated by representatives of large, small, private, state-owned, and foreign banks. And the ideas that eventually emerge from the technical committees are conveyed to Febraban's officers and its council, and in their various stages, they are passed on politically to the government.

## Malan Comments

*95SM0096B Sao Paulo FOLHA DE SAO PAULO in Portuguese 12 Dec 94 p 1-4*

[Article: "Burden Will Lessen With Reform, Says Malan"]

[FBIS Translated Text] Relaxation of the compulsory deposits imposed on all forms of bank borrowing and lending will depend on the results of the fight against inflation over the next few months. In other words, it will occur when and to the extent that the economic team in Fernando Henrique Cardoso's administration is sure that the growth of credit in the economy will not put pressure on prices.

That was the message given by the president of the Central Bank, future Minister of Finance Pedro Malan, as he closed last Thursday's installation ceremony in Sao Paulo for the new president of Febraban.

In the five and a half months since the Real Plan was introduced, in order to prevent increased consumption through the installment system from putting pressure on inflation, the government has imposed tough banking rules in the form of various measures requiring compulsory deposits with the Central Bank.

"It is necessary to double the stakes in order to bring inflation down to civilized levels," said Malan, adding that it was essential to resist pressures for reindexation and to move forward in deindexing the economy.

Malan pointed out that the annualized rate of inflation still stands at around 30 percent even after the sizeable progress made by the Real Plan, which has caused the rise in the cost of living to topple from 50 percent per month last June to a level he predicted would total from 2 to 2.5 percent in December and January.

The future minister of finance said that "most of the burden of the fight against inflation has fallen on the monetary and exchange policy because we have been unable to move forward with tax and administrative reforms in the state. The further we progress with those reforms, the smaller that burden will be."

## Chile

### 'Urgent' Measures for Agriculture Announced

*95SM0107C Santiago EL MERCURIO in Spanish 18 Dec 94 pp A1, A20*

[FBIS Translated Text] Minister of Agriculture Emiliano Ortega yesterday announced a package of urgent measures to alleviate the crisis in Chilean agriculture. The package includes lines of credit of $320 million, a 7-percent surcharge for imported wheat flour, and base prices for intervention in the domestic wheat market.

The plan also calls for postponing the reassessment of agricultural properties and creating an Agricultural Exports Promotion Fund.

The package is intended to deal with the most urgent needs and problems affecting agriculture, including areas related to small farmers, exports, and the agricultural debt.

Ortega said the government has ordered the ministers of agriculture, finance, and interior to supplement these measures with other mid-term and long-term measures within a period of 100 days.

One of the minister's most striking announcements states that Cotrisa [Wheat Marketing Board] has decided to intervene in the market immediately, with a base price for wheat in Santiago of 7,468 pesos per quintal. From Chillan southward the price will be 6,828 pesos.

For the corn and rice crops, Cotrisa will intervene on a temporary basis if distortions are observed in the market, thus ensuring the domestic producer a competitive price in accordance with international rates.

#### Protective Measures

The official added: "Given the existence of distortions in wheat flour prices in the international market, the government has decided to implement a 7-percent antidumping surcharge to protect domestic producers."

For small producers, the government has implemented a Rural Development Project for peasant and small agricultural communities in the Fourth Region. This program is designed to improve income levels through the introduction of new technologies, more profitable crops, irrigation projects, and improvements in the marketing process. The start of an Agricultural Development Project has also been approved for the non-irrigated farming sector, by introducing management practices and crops which will not damage the environment and which are designed to promote agricultural development in the Fourth Region.

INDAP [Agricultural and Livestock Development Institute] will also expand its territorial coverage and the number of beneficiaries served, and a Revolving Fund will be established to provide credit to facilitate obtaining rural housing subsidies. In addition, INDAP will work with the Ministry of Housing to set up this Revolving Fund that will grant financing for housing construction using housing subsidy guarantees.

#### Agricultural Debtors

For agricultural debts, the State Bank of Chile will make available to the agricultural sector, through the commercial banks, funds that will enable overdue debts to be rescheduled.

Ortega said two lines of credit will be made available. The first will be for $100 million, for rescheduling overdue debts. The second, in the same amount, will be used to finance up to 1,500 UF [accounting unit adjusted for inflation] per borrower for long-term loans.

The Small Business Guarantee Fund will make available up to 4 million UF to agricultural borrowers. This is equivalent to approximately $120 million, which will guarantee these loans.

On the Mercosur [Common Market of the South] and NAFTA negotiations, Ortega said that the participation of private sector organizations will be expanded to ensure adequate sectorial representation at appropriate levels.

He said the government will promote a package of mid-term and long-term measures designed to stimulate the productive transformation of the agricultural and livestock sector, so that it will be able to meet with adequate competitiveness the challenges that will arise with our increased presence in the international market.

The president has instructed the ministers of agriculture, finance, and interior to work out the operational instruments and policies for this package within 100 days.

For sales outside Chile, an Agricultural Exports Promotion Fund will be established in the amount of $10 million. It will begin to operate in January 1995.

When asked whether these measures will enable agriculture to recover from its crisis, the minister said: "We are working on others (measures). I believe this is a complete package. Here are some of them, some of which are extremely important. Based on the effort we have made, I now appeal for dialogue, understanding, and cooperation in a manner suitable for a democratic society."

The government has also decided to postpone the reassessment of agricultural properties, which was to have begun on 1 July 1995.

### Insufficient Measures

In Concepcion, correspondent Claudia Farias Vega reported that the president of the National Agricultural Association, Ernesto Correa, termed the measures Minister Ortega has just announced "insufficient."

The association leader said: "The minister left pending the issue that is the most important of all—the government's response to the request of the SNA [National Agricultural Association]—for a state policy for agriculture, which we consider essential if our activity is to develop in the future."

He did acknowledge, though, that progress was made in specific measures, and that some of these measures can be considered positive, like the indefinite postponement of the agricultural reassessments that were to have started in July 1995, and the $10 million fund that will be created to promote agricultural products abroad. "The same is true of the fact that Cotrisa may intervene, if necessary, in rice and corn sales."

Correa said that Cotrisa's wheat support price of 7,468 pesos does not meet the farmers' expectations when they decided to plant wheat, which was 7,900 pesos, a figure released by Cotrisa at the end of March 1994. "In addition," he said, this price does not indicate the scale or how its readjustibility will work."

He added that the renegotiation of the sector's debt—which is $1.2 billion—in the amount of $100 million through a line of credit from the State Bank, and another in the same amount for overdue debts of up to 1,500 UF is good. He emphasized, though, that the package needs to be studied more closely before a definite opinion can be given.

### Farmers' Opinions

Other reactions in southern Chile yesterday were varied.

From Los Angeles, the president of the Biobio Agricultural Association, Jose Miguel Stegmeier, said the package "is aimed in the right direction," but that rather than waiting for decisions on specific aspects, the farmers hope the government will make broader proposals.

Correspondent Olga Elgueta reported that the definitive reactions of the farmers will be known tomorrow, Monday, after the meeting of the SNA board of directors in Santiago.

As for the Cotrisa wheat support price, Stegmeier said that the government should remember that in October-November—before the decline in the dollar—a quintal of wheat sold for 8,200 pesos. He said that should be the support level, not a lower price.

On the lines of credit for debt repayment, he said that in the first analysis the measure seems good, but he said it is important for the farmers that an adequate interest rate be offered, so this will really enhance the sector's profitability.

Correspondent Raul Balboa of Linares reported that the spokesperson for the San Javier Committee for the Defense of Agriculture, Fernando Larrain Lorca, said that what Minister Ortega announced "is not the solution that we hoped for, so we may have to mobilize our grassroots, depending on what the national leaders decide at the meeting in Santiago on Monday."

### Estimated Losses

Some farmers expect losses of 1,000 pesos per quintal of wheat in the present harvest based on the Cotrisa support price that was announced, according to a report from journalist Maria Angelica Venegas.

The people interviewed did not want to make an official statement, as this will be released today by the Sofo [Agricultural Development Association]. In any case, they did say that it was less than their expectations, which had been on the order of 8,300 pesos per quintal.

The president of the Freire farmers, Hector Kruger Godoy, expressed his concerns. He said that the money earmarked for the Agricultural Exports Promotion Fund is inadequate.

Concerning the agricultural debt, Kruger added that it is a grave mistake for farmers to deal with commercial banks. "The interest rates they charge are far from helping agriculture; they clearly tend to destroy it, to impede it, and not to allow it to produce." He explained that the cost of capital which a commercial bank lends is not feasible for financing agriculture and operating successfully. Hector Kruger indicated that the government should have operated directly through the State Bank and offered a very low interest rate.

"The cost of agricultural credit cannot be the same as the cost of credit for other sectors, even though," he added, "this may appear unwise to the Production and Commerce Confederation. It is not possible to continue to handle the agricultural debt by working through the commercial banks."

And from Chillan, Carlos Lagos, director of the Cato Agricultural School, which is affiliated with the SNA, said that the measures announced by Minister Ortega may be too late. He also criticized the price set for a quintal of wheat, saying it is low.

## PS Officials on Conflict With CUT

*95SM0107B Santiago EL MERCURIO in Spanish 12 Dec 94 p C4*

[FBIS Translated Text] The Socialist Party [PS] yesterday reiterated its understanding of and support for the union movement's proposals and its demands for an expansion of workers' rights, as expressed by the CUT [United Workers Confederation] in recent months.

It stated that the Coalition government has a responsibility to heed the workers' just demands to strengthen labor legislation.

Yesterday the PS—prior to today's meeting of the government's political team with Minister of Labor Jorge Arrate to analyze the conflict that has arisen with the CUT—said that it is waiting for the government to decide to send to Congress labor reforms extending collective bargaining to other areas, to expand inter-business negotiations, to increase the oversight powers of the Labor Department so that it may operate as a "court of first hearing," and to introduce innovations in job training legislation.

The reform proposes that the Labor Department should operate *ex oficio* as a "court of first hearing" in order not to delay labor settlements. For job training, the proposal is that a board composed equally of management and labor representatives would work together to plan training programs.

In a press conference the party's president and secretary general, Deputy Camilo Escalona and Gonzalo Martner, stated that the biggest problem in the CUT conflict is that some businessmen in Chile do not respect labor legislation; nor do they understand the role workers should play in business modernization and innovation.

Deputy Escalona attributed this to a cultural problem, citing as an example a statement made by Pedro Lizana, the president of the Industrial Development Association, who maintained some time ago that what Chile needs is strong businesses, not strong unions. According to the socialist leader, with that comment Lizana expressed support for a management philosophy which the socialists feel is deeply mistaken.

Speaking of Chile's inclusion in NAFTA, Escalona said that the U.S. business community does respect current labor legislation; however, he said that in Chile some businessmen resist respecting labor laws. Gonzalo Martner also noted that NAFTA is a trade treaty designed to expand trade between countries, and it includes side agreements covering arbitration mechanisms to ensure that countries will comply with their own labor legislation.

"So," he explained, "a negotiation on labor legislation is a negotiation of Chile with itself, and that is what we are aiming at."

In this controversy, the PS and the PPD [Party for Democracy] have in recent days accused the business community and the political right of opposing amending labor legislation. They also blame the business sector for being unwilling to modernize labor-management relations, as the CUT is urging.

In the context of this conflict, the PS said that any legislation may be a dead issue if it does not involve a significant turnaround in the value placed on human resources in business. Gonzalo Martner emphasized that successful modern businesses are those which make use of their workers' intelligence, initiative, and entrepreneurial skills.

In Chile, though, he said that the businessman only understands relations with workers in a hierarchical manner, and he only seeks to discipline the labor force through a system of orders giving commands and requiring obedience.

On the labor reform, yesterday Coalition [of Parties for Democracy] sources said that the study which Labor Minister Jorge Arrate submitted on compliance with and perception of current labor laws is vitally important. The Coalition believes this evaluation may be decisive in determining the future attitude of the opposition and of Chile's business groups toward the labor reform bill which Minister Arrate has prepared, which the political team at La Moneda is to review today.

The government and the Coalition believed that if the labor reforms had been sent to Congress without this evaluation, they would have been rejected, as happened during former President Aylwin's administration.

### Socialist Party

In the meanwhile, this party, along with repeating that it supports the CUT's demands—but without saying whether it considers the CUT's charge that this is a government of businessmen to be just or unjust—issued an eight-point statement, in which it raises questions which it often asks of officials in the opposition and government.

The PS says Chile has managed to diversify its exports, but without overcoming the essentially raw materials-exporter nature of its international position. It warns that exchange rate trends may heighten this form of economic specialization, provoking severe problems in small and midsized businesses and in less productive territories.

## Appeals Court Rules on Cordeiro Case

*95SM0107A Santiago LA NACION in Spanish 10 Dec 94 p 9*

[Article by Lautaro Munoz]

[FBIS Translated Text] By a decision of the Appeals Court of Santiago, the head of the police unit who kept Brazilian psychologist Tania Cordeiro under arrest is to be charged only for the crime of illegal arrest. The court dismissed the charge against Svonko Tocil for giving false information to the courts.

With the ruling of the appeals court, none of the eight persons charged in the case will be tried for a violation of Decree Law 2690 (Organic Investigations Law). At the beginning, Tocil, the head of the First Assault Investigations Department [CINA] had been indicted on a charge of using psychological violence and under the provision that penalizes anyone who "maliciously fails to provide the truth to his superiors, and particularly in reports to the courts."

On 24 June the Santiago Appeals Court confirmed the indictments of the eight detectives, all for illegal arrest, but dismissed the psychological violence charge against Tocil.

Both the former deputy director of investigations, Juan Fieldhouse, and the former head of Oriente Prefecture, Luis Opazo, were called to testify at the request of Tocil's defense. Both said that the accused had informed them of the Brazilian woman's arrest, but they could not state on what date the arrest had taken place. Based on these facts, the dismissal of this indictment was requested.

Judges Raquel Camposano, Sergio Valenzuela Patino, and Juan Guzman unanimously overruled the refusal of the special magistrate, Alejandro Solis, to dismiss the proceeding. Therefore, they left the until now principal defendant facing the same charge as his subordinates.

The following persons have been charged and are out on bail, along with Tocil: Saturnino Silva, Manuel Cruz Aldana, Miguel Angel Murua, Mario Anjari Melendez, Ruperto Chigo Olivares, Omar Aurelio Herrera, and Raul Villalon Acevedo. All have been charged with illegal arrest, a crime listed in Article 148 of the Criminal Code, punishable with short-term imprisonment. The violation allegedly occurred when the police officers arrested Tania Cordeiro and her daughter Patricia in March 1993.

Acting for the defense of the psychologist (who was released without charges by the Supreme Court), attorney Hector Salazar announced that they will appeal to the Supreme Court. He considered it strange that an indictment which had been considered "well grounded throughout the entire case" should be annulled, based solely on statements that do not clarify either the dates of Tania Cordeiro's arrest or the issue of her daughter's detention.

# Colombia

## Samper Launches National Health, Social Security Plan

*PA1501133795 Santa Fe de Bogota Inravision Television Cadena 1 in Spanish 0000 GMT 12 Jan 95*

[Report by Maria del Pilar Ortiz; from the "24 Hours Newscast"]

[FBIS Translated Text] President Ernesto Samper launched a national health and social security plan today with the objective of providing coverage for 67 percent of Colombians by 1998.

The document, approved by Conpes [National Council For Economic and Social Policy], intends to translate state investments in health in terms of quality and to increase the average lifespan of Colombians by one year.

[Begin Samper recording] We hope to include 27 million persons in the contribution and solidarity regime, which would represent tremendous progress for the country in terms of providing care to all persons with basic health packages. [end recording]

Under the system of contributions, the number of beneficiaries will increase by 7.5 million people and their families for a total of 15 million people. The government hopes to provide coverage for 80 percent of the poorest and most vulnerable sectors. Some 9.5 million Colombians will be members by 1998. The plan will invest resources worth 12.6 billion pesos. The health budget will double to 2.5 percent of GDP.

[Begin Health Minister Alonso Gomez recording] The director of the IVI [expansion unknown] has established a line of credit for 300 billion [currency not specified] to construct a private health infrastructure in places where it is nonexistent. [end recording]

The government's goals include health professionals, services, and institutions. The government hopes that by the year 2001, all Colombians will be covered by at least one of the basic health plans.

## Rebel Groups Announce All-Out War in Uraba

*PA1701011595 Santa Fe de Bogota Inravision Television Cadena A Network in Spanish 0130 GMT 16 Jan 95*

[From the "AM/PM Newscast"]

[FBIS Translated Text] Paramilitary and guerrilla members of Cordoba and Uraba have announced that, indeed, there will be a war now. In the middle of it, there is a mass of defenseless people who do not know where the bullets are coming from. When will Fidel Castano, Tiro Fijo, and all them get tired of all this?

An all-out war began in Antioquia's Uraba region and Cordoba in the past few days. Guerrilla fronts and paramilitary group members have placed peasants and inhabitants in the middle of the crossfire. The reason for the dispute is the announcement that the peasants and cattlemen who have benefited form the land distribution made by the alleged drug trafficker Fidel Castano a few weeks ago, will be exterminated.

[Begin unidentified peasant recording] You find many people on the roads and you do not know whether they are paramilitary members or guerrillas or something like that. Some of them hold checkpoints and others hold meetings; they say they are of this or that group and one does not really know who they are. [end recording]

Meanwhile, Castano sentenced members of the 18th, 35th and 53d FARC [Revolutionary Armed Forces of Colombia] fronts operating in the area through a communique in which it announced a war against those who help or sympathize with the guerrillas.

The consequences of these confrontations are already visible. Hundreds of peasants from northern Uraba, Valencia, Arboletes, San Pedro, and Tierra Adentro have begun to migrate to urban centers.

The people are asking the state to directly mediate in the conflict to prevent a war and prevent an exodus by the peasants.

## Alternative Crop Programs Yield Mixed Results

*95WD0160Z Santa Fe de Bogota EL ESPECTADOR in Spanish 8 Jan 95 p 6A*

[Article by staff writer Luzdary Ayala Villamil]

[FBIS Translated Text] Santa Fe de Bogota—Although crime is implicit in every square meter cultivated, and they feel marginalized amid the illegality and violence, the Amazon Region's peasants see no other solution for their livelihood. Coca is the only product that does not need roads for removal from the site on which it is grown (it is purchased at the production point). Nor does it require credits (the money is easily supplied and, furthermore, in large amounts). Nor must they wait two or more years for the harvest, as in the case of the cacao or rubber plants, which are some of the alternative crops being tested in the area.

This is something quite different from what occurs when they want to plant rice or fruit plantations, because the interest rates alone frighten the peasants. Not to mention the red tape demanded by the credit agencies when the farmers attempt to gain access to a loan, faced with a crop that is viewed as a risk. There might be a good harvest, but it is also possible that the crop may be flooded, or that an unknown pest may destroy it before it can yield its fruits.

Similarly, they are not exempt from other risks, such as the one experienced personally by the directors of the Alternative Development Program in Putumayo: When everything was ready for planting passion fruit, with an organization committed to substituting for part of its coca crop, fruit prices dropped, and it proved cheaper to stop the planting than to continue it, even though the land had already been fertilized.

For all these reasons, the new departments (except for the oil-producing ones) know of no regional prosperity other than that from coca production. For example, in 1995 the subsidy payment in Guainia, Guaviare, Vaupes, and Vichada is fluctuating between 6.233 and 6.328 billion pesos, compared with the funds allocated to Arauca, Casanare, and Meta, which range from 10.761 to 27.636 billion. This does not include the individual budgets generated by these regions with their oil production royalties.

### At the State's Mercy

Since they operated as intendancies and commissariats, the most recently created departments' only sources of funds have been those allocated to them by the government. This is what has occurred in Vaupes, for example, or in Guaviare, or Vichada. They are regions expecting protection from the new rich departments: those with oil.

Meanwhile, people are moving there from the interior, in search of money, despite all the risks entailed by moving to areas where the only presence noticed is that of the groups that have set up the drug industry. The government has not found any way of convincing them to substitute their crops, nor has it been able to curb the expansion (during the past decade) of individual drug crops, currently even exceeding 50 hectares. This is the ground gained by the illegal economy in large territories, where the population is scattered and one does not see a single state school, medical center, rural road, or Agrarian Fund office for kilometers around them.

Peasants, settlers, and Indians find themselves involved in the small-scale drug economy. For the past four years, the Alternative Development Project, sponsored by the United Nations International Drug Control Program (UNDCP), has attempted to reach them. Thus far, the process has been in the development phase. And if the government fails to take on the project, it will remain at that point, because this year the available international funds will end. In four years, it proved impossible to progress further, because this is a gradual project, in which small producers, given an incentive with the alternative crops, gradually begin to gain ground from the coca plants. Meanwhile, they wait for the results from an Amazon sorghum plantation, a small yucca harvest, or a chontaduro [Guilielma speciosa] palmetto crop.

**Beginning by Learning**

The most difficult part of these projects is the little or no information existing on agro-forest production of the Orinoco and Amazon region type. As a result of this, the managers of the alternative development project had to begin by learning from the communities which species, other than coca, could thrive in these fragile ecosystems, and become a source generating sufficient income for the livelihood of the families that accepted the challenge of combating their coca crops.

They sensed the state's absence when seeking to learn which agencies would be advising the peasants. The community's presence also was lacking around them. It was not easy to agglutinate the inhabitants of the Amazon regions, as it had been in northern Cauca, where there is a larger concentration of the populace. Hence, whereas peasant organizations consisting of 100 or more families were established in the latter area, the largest number that could be gathered in Guaviare or Putumayo was 10. This has made it more difficult to add more people willing to substitute for coca.

When a few possible species that might be grown in the region had been identified, the executors of the project could not even find a single route through which the harvest could be removed, without making the trip cost more than the product. Nevertheless, and although they reached only a small number of settlers, the substitution activities were begun, including an entire integrated social assistance package.

The path traversed to date has proven difficult, because it involves results that are more socio-cultural than in the form of obvious reductions in coca crops.

For example, in northern Cauca, where the goals set were attained, it took 10 years and over $10 million in funds for approximately 4,000 peasant families fully engaged in coca production on small plots averaging two hectares to be now planting export-type organic coffee, in the middle of an area where roads, schools, and community training centers have been opened. They are small landholders who, with aid from the UNDCP and the government agencies committed to the project, have been gradually toppling the coca bushes until they are eradicated from their spheres of influence.

The national impact from the standpoint of crop reduction is slight, if we are considering 3,605 hectares compared with production on a nationwide area exceeding 40,000 hectares. However, the valuable part of the process is the socio-cultural impact on a small area, where the environment and the community's customs have been recovered, where the violence generated around easy wealth has been dissipating, and where the peasants have felt that they were not alone. They sensed that the state was reaching out to them for marketing their products, educating their children, and not leaving them to revert to the production of illicit crops.

That experience is what is now leading the persons heading this project to believe that, in these municipalities, in the communities with which they worked, the peasants will not desert something that is already consolidated, enabling them to live without the pressure of illegality.

Nevertheless, the Cauca project cannot be implemented in regions such as the Orinoco or Amazon, where the conditions of the land, the communities, and the regional infrastructure are completely different. Growing coffee in the Andean region is not the same as growing cacao or rubber in Guaviare or Putumayo.

These are situations wherein the only recourse is to retrieve the principles demanded for success in the slow task of alternative development: political will; constant, timely government support; and the community's readiness to become organized. Simultaneously, there must be an effective repression strategy, embodied in action such as control of components that are precursors for coca paste, and destruction of laboratories and aviation runways. These are factors that must operate concurrently because, as experience has shown, a single strategy does not suffice.

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## Ecuador

### Foreign Ministry Urges Dialogue With Peru

*PA1701233795 Quito Voz de los Andes in Spanish 1200 GMT 17 Jan 95*

[From "The Voz Andes Newscast"]

[FBIS Translated Text] The Ecuadoran-Peruvian border is calm again after several days of tension sparked by an armed clash between Army patrol units from both countries last week. Ecuadoran officers stationed in the border area have not reported any new incidents with Peruvian soldiers and say they are in permanent contact with the Peruvians so as to avoid new skirmishes. A top-level Ecuadoran Army officer has also denied the Armed Forces have been placed on. [sentence as heard] He added surveillance in the border area is back to normal.

Furthermore, the Ecuadoran Foreign Ministry has stated its willingness to accelerate the dialogue between Ecuador and Peru so that the conflict can be resolved. In an official communique, the Foreign Ministry has stated the Ecuadoran Government wants the dialogue not only to resolve the latest impasse but to discuss problems in general. It acknowledges dialogue is the ideal mechanism to resolve such incidents and, thus, reiterates its willingness to further it.

## Private Investment Plans in Oil Sector for 1995

*95SM0106A Quito EL COMERCIO in Spanish 6 Dec 94 p B3*

[Unattributed article: "Big Upsurge in Private Investment"]

[FBIS Translated Text] The year 1995 will be the key year for the petroleum sector, in which private enterprise will invest as much as 1 trillion sucres for the first time in the past three years.

These funds will be used to finance projects such as the expansion of the Trans-Ecuadoran oil pipeline; construction of the Esmeraldas refinery and Pascuales-Machala-Cuenca multipurpose pipeline; and maintenance of the spherical gas tanks.

Petroecuador [Ecuadoran State Petroleum Enterprise] President Federico Veintimilla reported that the company's investment program for 1995 will total 1.974 trillion sucres.

Of this total, 528 billion sucres will be self-financed, 443 billion will be financed abroad, and 1 trillion will be in the form of private investment.

Petroecuador's budget totals 2.45 trillion sucres, which is 825 billion more than its 1994 budget of 1.725 trillion.

For operating expenses, the pro forma budget totals 1.382 trillion sucres, including 972 billion for investment; 58 billion for service on the foreign debt; and 23 billion for accounts payable.

The budget shows a surplus of approximately 15 billion sucres. It is estimated that revenue from the sale of petroleum on the international market will total 5.274 trillion sucres, yielding a gross profit to the state of 55 percent, or 2.86 trillion sucres.

Of the 972 billion sucres to be invested, a portion (529 billion [as published]) will be financed out of its own resources, which are derived in part from the depreciations less the amortizations that are recovered weekly (using the cost method) and that total 310 billion sucres.

The remaining 219 trillion sucres represents a contribution of 10 percent of the total of petroleum investments.

The 1 trillion sucres of private investment will be distributed as follows: 500 billion sucres toward increasing the capacity of the oil pipeline; 450 billion for the Esmeraldas refinery, and 53 billion for maintenance of the spherical gas tanks.

Of the 443 billion sucres in foreign credit, 227 billion will be invested in the expansion of the Esmeraldas refinery and 150 billion in the construction of the Pascuales-Machala-Cuenca multipurpose pipeline, whereas 66 billion represents an nonreimbursable credit for the environmental protection projects.

The Petroecuador president explained that the 1994 budget did not envision any projects involving foreign financing, as a result of which its total package of financing was limited to 1.725 trillion sucres.

As the figures demonstrate, the controversial project for construction of the Trans-Ecuadoran pipeline will be carried out in 1995. Interested companies should submit their bids by 14 January.

At the present time a special unit created by Energy Minister Gustavo Galindo is redefining the bases for the bidding. Sources close to the petroleum sector , however, indicate that there will be no fundamental changes.

The Petroecuador president said that implementation of this project is essential.

## Proof of Torture in Putumayo Detainee Case

*95SM0106B Guayaquil EL UNIVERSO in Spanish 26 Dec 94 p 2*

[Unattributed article: "Confirmation That Soldiers Tortured Suspects in Putumayo Case"]

[Text] Quito—Army personnel tortured and otherwise mistreated people who were arrested following the murder of 11 police and military personnel in the Putumayo region in December 1993, according to the official report by the public prosecutor of Pichincha, Jose Garcia Falcon.

The report emphasizes that several of the suspects in the case were mistreated by members of the Armed Forces.

"I should also make it clear," the prosecutor's report states, "that the pre-trial statements which serve as a basis for the elaboration of a brief—which will in turn serve as a basis for initiation of the criminal trial in question—were made freely and voluntarily."

In the middle of this week the public prosecutor issued an opinion accusing the seven individuals arrested by the Armed Forces, who acknowledged to the police their participation in the massacre.

The criminological report concerning the suspects that was prepared by the Institute of Criminology of the Central University has also been released. In its substantive portion, the report concludes that no evidence or facts have been discovered that would indicate a criminal proclivity in any of the detainees, who also showed no signs of sociopathic deviation.

It is also sufficiently clear that the accused persons suffered maltreatment that left marks which were subsequently verified in the course of the medical examinations.

According to their attorneys, during they time the accused were held incommunicado they were subjected to physical and psychological torture and to deprivation of food, water, and sleep.

They were forced to drink urine, mud, and dirt; received electric shocks in the genitals, breasts, hands, and feet; inhaled gases; received blows with bayonets and sticks; were suffocated with pepper water; had plastic bags placed over their heads; suffered sexual violation, manipulation, and similar indignities; received drug injections; and suffered mock executions by firing squad.

The public prosecutor's report accordingly concludes that the persons under arrest retain the right to initiate such legal action as they deem useful against the members of the Armed Forces who caused their injuries.

Immediately after it is rendered, the decision will be returned to Superior Court No. 4 in Pichincha, which will study the appeal by the defense and either confirm or rescind the summons to appear for trial.

## Peru

### Poll: Fujimori's Popularity Drops 7 Points

*PY1701131295 Madrid EFE in Spanish 1625 GMT 16 Jan 95*

[FBIS Translated Text] Lima, 16 Jan (EFE)—According to the result of inquiries on the 9 April elections disclosed today, the popularity of President Alberto Fujimori, who is running for reelection, has dropped by seven percent.

Analysts believe this is due to campaigning in his favor by current Peruvian authorities who, according to the electoral law, are banned from this activity.

According to the poll conducted by the private enterprise Apoyo Inc., Fujimori currently enjoys 45 percent support compared to 52 percent on 5 December 1994.

Meanwhile, Fujimori's main contender, former UN Secretary General Javier Perez de Cuellar, obtained 21 percent compared to 20 percent in December.

The popularity of economist Alejandro Toledo, who comes third, dropped by one point; the 6 percent support he enjoyed in December has dropped to only 5 percent.

The poll only includes Lima, where one-third of the Peruvian population of 22 million inhabitants lives. Of this total at least 12 million will vote.

According to Apoyo Inc., of the points lost by Fujimori, one went to Perez de Cuellar; another to Lima Mayor Ricardo Belmont, who is also running for president; a third point to center-rightist Popular Action candidate Raul Diez Canseco; two points went to American Popular Revolutionary Alliance (APRA) candidate Mercedes Cabanillas; and the final two points now belong to the group of people who will cast either blank or null ballots.

The popularity of the candidates ranked after Toledo is still low: Belmont, 3 percent; Cabanillas, 3 percent; and Diez Canseco, 1 percent.

Apoyo also enquired about the peoples' choice for the parliamentary tickets presented by the 23 political parties and various movements.

The governing coalition Change-90 New Majority, which currently enjoys a majority in Congress, has the support of 26 percent of the people. Perez de Cuellar's Union for Peru Movement has only 10 percent; the conservative Popular Christian Party, 8 percent; the Independent Moralization Front, 7 percent; and the Renewal Movement, 6 percent. Alejandro Toledo's Democratic Coordination Movement-Peru Feasible Country has 5 percent; the 21st Century Harmony Alliance, headed by Fujimori's wife Susana Higuchi, 5 percent; the APRA, 4 percent; the United Left, 4 percent; the Obras Civic Movement, headed by Belmont, 3 percent; and Popular Action, 2 percent.

Fujimori has stated that if he does not obtain a majority in Congress he would like to have a "patriotic opposition," which has been interpreted by analysts as meaning possible negotiations between Fujimori and those opposition legislators who enjoy similar viewpoints.

During the weekend Fujimori held a working meeting with the members of his legislative ticket. The meeting started on Saturday, 14 January, and ended on Sunday, 15 January.

It seems that Fujimori is very worried about not having obtained, as of the present time, or not obtaining subsequently, a majority in Congress if he is reelected on 9 April.

### Election Board Rejects Registration of 3 Movements

*PY1701175395 Lima Global de Television Network in Spanish 0130 GMT 17 Jan 95*

[FBIS Translated Excerpt] The National Election Board rejected today the registration of congressional candidates of three movements because of irregularities.

The movements include the 21st Century Harmony Alliance headed by Susana Higuchi; the Peace and Development Movement, which included in its list Carlos Manrique, who is wanted for fraud; and the Republican Independent Movement, which did not obtain the required 100,000 members.

According to Manuel Catacora of the National Election Board, the reason why the board decided to leave these movements out of the race is because they presented incomplete lists.

[Begin recording] [Unidentified reporter] In today's session, the National Election Board rejected the request for the registration of congressional candidates submitted by three movements. According to the board decision, the 21st Century Harmony Alliance headed by Susana Higuchi de Fujimori failed to complete the list of 120 candidates. The list only included 113 candidates because the other names were duplicated to complete the list of 120 required by Article 82 of the electoral law. [passage omitted]

The Peace and Development Movement headed by Miguel Campos Arredondo is also out of the congressional race because the election board found that two names are repeated in the list. [passage omitted] [end recording]

Reacting quickly to the National Election Board decision, Miguel Campos Arredondo, who is the presidential candidate of the Peace and Development Movement, went on a hunger strike to protest the rejection of his congressional list. Campos Arredondo said that from tonight he will sleep on the street in front of the headquarters of the National Election Board. [passage omitted]

## High Interest Rates, 'Antiexport' Policy Decried

*95SM0113A Lima CARETAS in Spanish 29 Dec 94 pp 22-25, 84*

[Article by Rafael Hidalgo: "Second-Year Boom"]

[FBIS Translated Text] While the virtual defeat of inflation is being celebrated in government circles, and while for the second consecutive year, Peru has led Latin America in growth, prosperity and celebration are not to be found everywhere. On the other side of the city, there are millions of Peruvian citizens who do not yet understand why the fruits of this growth have not yet touched them. On the other hand, the antiexport bias has been so upsetting to the businessmen that Carlos Gliksman, the president of the SNE [National Exporters Association] recently called for the head of the minister of economy.

Behind the Christmas tree's multicolored lights, Minister of Economy Jorge Camet accepted the congratulations and praise of the high authorities, international bodies, and a considerable number of the domestic businessmen who are not involved in export activity. All of this was in connection with the results of his administration at the head of what was in the past a fearsome portfolio.

Watching through the windows were 17 million Peruvian citizens, who, hidden in the shadows of the night, were wondering about the future. They did not share in these fireworks. The holiday feast continued to be absent from their tables.

There can be no doubt that the increase of about 12 percent in the gross domestic product (GDP) and the victory won in the battle against inflation, which is expected to come close to 17 percent in this fiscal period, are the principal triumphs of which Minister Camet can boast.

Another singular achievement by the government is the pace established for the privatization process. And the increase in tax pressure, which has come to about 12.6 percent, has enabled the minister to adhere to rigorous fiscal management. "Only what comes in is being spent" has been the slogan of the Ministry of Economy and Finance (MEF).

But the antitechnical taxes; the unemployment rate; the lag and instability in the foreign-exchange sector; the high interest rates, the antiexport bias of the model in use; the obscure nature of the expenditure of the resources obtained from privatization; and the weakness displayed by the team negotiating with the foreign banks, with the recognition of a private debt of the People's Bank in the amount of $76.4 million as a public debt, without further explanation—all of these things remain in the debit category.

### Reactivation

Minister Camet has been able to savor the glory of a second year of growth, and at a level double, in this instance, that obtained the preceding year. But unlike what happened in 1993, it is now all sectors of the economy that have grown.

The construction sector continues to star as a kind of growth leader. This activity has been dynamized by a forceful expansion in fiscal expenditures. The government has commissioned one high school per day, and it is paving and building roads and carrying out a series of urban development projects with the resources of the FONAVI [National Housing Fund] at a spectacular rate, which some people attribute to the electoral campaign. Bruno Seminario, the University of the Pacific economist, sees characteristics in the present situation similar to those typical of the growth that took place in 1950, when Andres Dasso was the minister of economy. In that period, as now, the international prices of raw materials were sky-high, and the benevolent weather allowed the achievement of exceptional production levels in the fishing and agricultural sectors.

In 1994, Peru won back its place as the leading world producer of fish. This top position was also shared by the fish-meal industry. Thanks to the rise in the international prices of mining products, our exports exceeded the level of $4 billion maintained for 15 years. It is expected that the export level will be $4.482 billion at year's end.

However, Carlos Gliksman, the president of the National Exporters Association, believes that while we have indeed seen improvement, matters continue to be unsatisfactory, and he believes that Camet's replacement will augur well for the export sector in 1995.

Despite these two consecutive years of growth, the GDP has not yet regained the 1987 level. Jorge Gonzales Izquierdo, the dean of the Lima College of Economists, compares our situation to that of a home that had had its television set, radio, electric iron, and other domestic appliances taken away. Let us say that in 1993, it retrieved the iron and the radio, and that in 1994 it got the television back. Thus the previous state of affairs is being reestablished, but to see real improvement, we need to continue growing.

The decline in the GDP as a result of hyperinflation was so drastic that we have still not made our way back to the 1987 point of departure.

The current trend, however, is extremely auspicious, as is confirmed by the fact that the gurus of the Economic Commission for Latin America (ECLA) are predicting an increase of 7.5 percent in the Peruvian GDP in 1995.

### Stabilization

Four years after the tremendous adjustment on 8 August 1990—the day of the supershock—the death rattle of the inflationary monster is finally beginning to be heard. There is every indication that the 1994 annual inflation rate will not exceed 17 percent.

Economic stabilization is one of the basic requirements for attracting investments, for launching new projects, and, in general, for growth. Inflation is a tax that is essentially paid by the poor. The citizen who has only his wages on which to live begins to lose purchasing power, while property owners can retain some of their wealth.

Some analysts question the official figures on inflation and on the increase in the GDP. Manuel Moreyra, for example, says that, as always happens, hyperinflation has distorted all of the indicators and statistical series—to an even greater extent if one takes the year 1979 as the base, as the official statistics do.

Others, like Dale Smith of the IMF [International Monetary Fund] and Javier Escobal de Grade, challenge both the basic market basket of the INEI [National Institute of Statistics and Information Science] and the methodology. But these criticisms are relegated to a secondary level for the time being in light of the memory of the inflationary scourge.

### Foreign Investment

The investments involved in the privatizations come to close to $2 billion. For example, the Spaniards have invested a billion dollars in the CPT [Peruvian Telephone Company]-ENTEL [National Telecommunications Enterprise], and the Canadians representing Cambior, Inc. have invested $796 million in the La Granja Mine deposit.

The net flow of foreign investments is close to $2.5 billion. The foreign investment flow at the stock markets has also swelled. The institutional investors in the United States alone paid in $950 million between January and November of 1994. The total amount of foreign investment in 1994 will exceed $2 billion.

### Negative Points

Employment is the Achilles' heel of the present economic model. The mass firings of employees in the public sector and the industrial recession in 1990-1992 caused the fully employed portion the population to decline from 18 to 12 percent, despite the development in the other macroeconomic figures. As a result, overt unemployment increased from 8.3 percent to 9.9 percent between 1990 and 1993, according to the most recent INEI census. The same thing happened with underemployment, which increased from 73 percent to 77 percent. Eduardo Farah, the current vice president of the National Industries Association (SNI), has warned that reactivation is not synonymous with employment. He said that Peruvian industry has lost approximately 272,000 jobs in the last few years. There is still idle installed capacity in many sectors, so that no immediate recovery in the employment index is expected.

Another of the factors that are negatives for Camet is the antitechnical taxes. With the stubbornness characteristic of a native of Camana, he has insisted on continuing to collect the minimum tax on income of 2 percent on assets. This tax was recommended by the IMF, and it has been a stumbling block in the relationship between the minister and his colleagues in the CONFIEP [National Confederation of Private Business].

As Gliksman of the SNE has noted, the head of the MEF approved the restoration of the selective consumers' tax (ISC) on exporters' fuels, but as of the present, the regulations governing this law have not been approved.

Another weak point in Camet's administration has to do with the very high interest rates that are discouraging investment plans. This is affecting small businesses, above all, since unlike the major conglomerates, they cannot obtain direct foreign loans.

While 20 percent per year continues to be charged in the country on dollar loans, the active interest rates on the international market are approaching eight points.

The annual interest rate in domestic currency comes to 41.9 percent. This is simple usury, since the annual inflation rate for the period is 16 percent.

There are high hopes for the entry of two Chilean institutions—the Solventa Bank and the Workers' Bank—into the Peruvian financial market. If the foreign capacity to win a share of the domestic financial market is used aggressively, the local banks could find themselves forced to lower interest rates.

However, the failure of the MEF to take action with the bankers is pathetic. According to the liberal credo, the new banking law will allow competition among the banks, and the BCR [Central Reserve Bank] has ceased to be involved in setting interest rates. Now what has happened in practice, as the opposing factions recognize, is that a cartel has been formed. The interest rate, which is very high, is established by the four leading banks in the system.

Another defect in the economic model that has become evident more recently is the instability in the foreign-exchange sector, to which is added the existing distortion in the rate of exchange. The cost of the dollar showed no change between December of 1993 and December of 1994 despite the cumulative inflation rate of 16 percent. In other words, the dollar lost parity in that same proportion during the year just ending.

President Fujimori and Minister Camet have reiterated that the value of the dollar is established by the market, but it is not clear why the BCR purchased $200 million per month in the first seven months of the year, and only $50 million in the last few months.

As always, a foreign-exchange lag is resulting in a deficit in the trade balance, one estimated at $879 million by the consulting firm Maximize, which is headed by Jorge Chavez Alvarez, the former president of the BCR.

Imports have taken off. The level achieved this year is the equivalent of an Olympic record—$5.361 billion. Or, more to the point, $1.321 billion more than in 1993. This higher level of imports is explained not by the increase in consumer goods alone, but that in capital goods (machinery), as well. Another factor contributing to this large sum is the fact that businessmen have justified their prices, thanks to the current system of supervision by the SUNAD [National Customs Administration Superintendency].

It would be an exaggeration to consider the seven million Peruvian citizens classified as poor or the other five million living in extreme poverty a debit to be charged against the current government. Throughout the decade of the 1980s, the Peruvian economy was regressing, on average, toward the 1970 levels.

But it is precisely these millions of Peruvian citizens who, hoping to see light at the end of the tunnel, have approved the current economic program, and are demanding that the authorities be extremely cautious in their management of the resources of the state.

But that is not precisely the characteristic of Minister Camet's negotiations with the foreign banks. The government has just taken on the private debt of the People's Bank to foreign banks in the amount of $76.4 million, in an illegal action. And there is the aggravating circumstance that no one knows for certain if the respective documents are in the possession of the original creditor institutions, which are said to include the English Midland Bank.

## Uruguay

### Peres Declines To Detail Probe Into Argentine Attacks

*PY1701161295 Buenos Aires CLARIN in Spanish 15 Jan 95 pp 10, 11*

["Exclusive" interview with Israeli Foreign Minister Shim'on Peres by CLARIN special correspondent Paula Lugones at the home of Argentine businessman Samuel Liebermann in Punta del Este on 14 January]

[FBIS Translated Text] [Lugones] Why did terrorists choose Argentina as a target of two of the bloodiest terrorist attacks perpetrated over the last few years?

[Peres] There have not only been attacks in Argentina but also in Turkey, in London.... Terrorists look for the best opportunity, and not necessarily for any one country in particular.

[Lugones] Still, the fact that two attacks have been perpetrated here does not seem to be a mere coincidence....

[Peres] One cannot try to find logic in an action perpetrated by people who are not governed by any logic in their actions. They just looked for an opportunity; they felt they could do it, and they did it.

[Lugones] Is there a possibility of a third attack taking place in Argentina?

[Peres] One may say that in theory, there is such a possibility, but I do not believe that they are so sophisticated, so strong, or so predictable. Measures must be adopted so that these things do not happen again.

[Lugones] What sort of measures?

[Peres] The most important one is to keep one's eyes peeled for suspicious movements or people.

[Lugones] Do you think that the Argentine Government is totally committed to continuing with the probe into the attacks?

[Peres] I think so, yes, because Argentines were among the victims. Naturally, a country where an attack has been perpetrated is always interested in clearing up the case.

[Lugones] The Israeli Government is conducting its own investigation. Is it working in the border area of Argentina, Brazil, and Paraguay, where several Arab groups deemed suspicious reside?

[Peres] I do not want to give you any details of what we are doing because we never publicize the results before the investigation is concluded.

[Lugones] Why does Israel contend that Iran is behind the attacks?

[Peres] There are two schools of thought in the Arab world—a fanatic one, which uses terror and which tries to export its ideology and terrorism, and a different school like that of the Turkish Government, for example. Both schools are vying with each other to attract followers throughout the world by sending money, giving support—something similar to and having the same style as Stalinism.

[Lugones] The Hizballah, the pro-Iranian group that has claimed responsibility for the attacks, operates in Lebanon in an area controlled by Syria. Israel believes that Damascus tolerates the Hizballah. Why does it not point an accusing finger at Syria, too?

[Peres] While Syria tolerates, Iran supports....

[Lugones] Why did you not talk about the "Iranian connection" in the attack on the AMIA [Argentine-Israeli Mutual Association] headquarters during your visit to Argentina?

[Peres] First and foremost, I do not talk about everything; I generally answer questions. It goes without saying, however, that I discussed the issue with Menem in private.

[Lugones] Do you believe there is an "Argentine connection" that gave support to the terrorists who perpetrated the attack?

[Peres] I would rather not give any details before the investigation is over.

[Lugones] During his trip to Syria last November, President Carlos Menem tried to intercede between Syria and Israel. Nevertheless, negotiations have reached a stalemate. Was Menem's attempt considered a failure?

[Peres] I do not think so. I believe that everybody tries to contribute to the peace process. Menem was not the only one to travel to Syria; U.S. President Bill Clinton has also been to Syria. Menem is of Syrian descent and therefore his efforts took on a special meaning. Many of us were disappointed with Damascus' reaction, but I can assure you that we will keep struggling until we achieve peace in the region.

### Security Forces on 'Full Alert' Against 'Terrorists'

*PY1201193695 Montevideo LA MANANA in Spanish 9 Jan 95 p 9*

[FBIS Translated Text] Uruguay's security forces have been placed on full alert against the possibility that terrorist groups, which allegedly have a mission to sow panic and death in the Southern Cone, may come to the country. Over 500 men and women are on a list of those most urgently wanted by the international police.

Despite the total secrecy prevalent at the Interior and Defense Ministries, it was possible to learn that in light of a request by international police and military authorities, our country has been placed on alert in view of the possibility of some of these terrorists coming to Uruguay.

For their part, the commanders of the four military divisions have given special orders to the arms of cavalry, artillery, engineers, infantry, and communications.

They are all in charge of special services at the various border checkpoints our country has.

The various departments of the Interior Ministry have, for their part, begun to undertake discreet tasks through the special operations commanded by police chiefs from several departments.

Moreover, security has been stepped up at the homes of well-known personalities and private institutions from various communities.

All border checkpoints in Uruguay have always been guarded by military personnel, and there are barracks or detachments situated near these checkpoints.

Reliable sources have pointed out that special operations have been mounted at some of these border checkpoints, which have been targeted as alert areas.

## Venezuela

### Prosecutor General Proposes Extradition Treaty With U.S.

*PA1701164795 Caracas ECONOMIA HOY in Spanish 13 Jan 95 p 3*

[Report by Ernesto Villegas Poljak]

[FBIS Translated Text] Prosecutor General Ivan Dario Badell yesterday proposed to the president of the Republic the establishment of a bilateral treaty with the United States to expedite the extradition of individuals wanted in Venezuela for financial crimes and to facilitate the repatriation of the assets and resources these individuals transferred to the United States.

Badell proposed this treaty, which includes an exchange of information among the authorities of the two countries, through a letter sent to the president. This document also noted the state has insufficient means to investigate and take action against financial crimes.

In his letter, Badell noted: "It is common knowledge how difficult it is to determine what public officials or citizens did with huge sums of money they illegally seized, causing incalculable damage to the Republic which, in the end, has been forced to guarantee the savings held at the financial institutions taken over by the state."

The prosecutor general noted that the favored destination for illegal money is usually the United States because of the strength of the dollar and because investments are protected there. This is why he proposed signing with that country a "bilateral mutual legal assistance agreement or treaty on criminal matters" that would allow Venezuela "to obtain required information in a direct, quick, and effective manner which could contribute to the smooth administration of justice and turn it into a model for treaties of this kind with other countries."

The United States has signed similar agreements with England, Uruguay, Argentina, and Canada.

The prosecutor general commented on the scope of the proposed treaty at the conclusion of a ceremony held yesterday at the Supreme Court of Justice on the occasion of the start of a new judicial year. Badell told journalists that this instrument would "lead to the arrest and confiscation of property by the authorities of anyone who committed a financial crime in Venezuela and sought refuge in the United States."

He added that not only those charged with financial crimes would be subject to such measures, but also those involved in drug trafficking, corruption, and other illegal activities.

When asked what his office has done in terms of the Banco Progreso case, Badell said three prosecutors have been assigned to participate in the investigation. He added that they have had a "very active" role and already requested the seizure of property of those involved in the case.

President Rafael Caldera, members of his cabinet, and other officials attended the ceremony at the Supreme Court of Justice. The keynote speaker was Magistrate Ismael Rodriguez Salazar whose speech calling for an effective modernization of the judiciary received praise from the attendees.

Justice Minister Ruben Creixems answered journalists' questions on the government's role in the arrest of people wanted for financial crimes.

He said that "police officials have identified people working in banks, from the managerial level to the boards of directors, and the courts have questioned them. In fact, in certain cases we have even closely monitored movements from one country to another. Most of these people are in Miami, and others have moved to and from the United States and Europe."

In the specific case of Orlando Castro, the minister said he has information about his presence in the Dominican Republic, but it is not known whether he has left that country.

Despite the information it has, the government can take no action against these citizens as long as the courts do not start the corresponding extradition procedures.

"The executive branch cannot, on its own initiative, go to another country to seek a person who is wanted. Only through an extradition can the country do this, and thus, it is this that will determine a decision in this regard," Creixems added.

## Caldera Hosts Banquet for Israel's Peres

*PA1401002695 Caracas EL GLOBO in Spanish 13 Jan 95 p 2*

[FBIS Translated Text] At a banquet for 34 guests, two leaders shared yesterday a dinner at the Miraflores Palace. Shim'on Peres was the guest of honor of President Rafael Caldera.

The gathering was propitious and recognized the historical deeds of each leader. The Israeli foreign minister and Nobel peace laureate gave Caldera an accolade for his economic work. President Caldera acknowledged the visionary talents of Peres, who has achieved major peace agreements between Israel and Palestine.

The guests included representatives of the Jewish community, led by their rabbis; Jesus Paz Galarraga on behalf of the Venezuelan political sector; and a few intellectuals, including Ernesto Mayz Vallenilla.

Outside, the huge cordon made up of Disip [Directorate of Intelligence and Prevention Services] agents, members of the military establishment, escorts and personal guards of Shim'on Peres announced that it was impossible to get an interview with that historic figure.

### With the Help of the Lord

Shim'on Peres offered a tribute to Rafael Caldera "as leader of this country and as a politician."

Some people marvel at what a leader is. Some say a leader is an administrator, others argue a leader is a builder or an engineer. I believe a person's name says much about the type of leader one is. The meaning of Rafael in Hebrew is similar to that of doctor: someone who heals with the Lord's assistance. You, President Caldera, are like a doctor to your people. You improve their health, save them from diseases and try to help them live healthy lives with more security.

Unfortunately, he went on, your people do not know you are their doctor, because they do not understand Hebrew. However, I, who do speak Hebrew, fully recognize the work you are doing in this your second presidential term.

He pointed to the support Caldera has expressed for democracy and the world's democratic movements and expressed support for the government's managing style.

Contrary to other leaders who become technocrats and believe that a market economy solves all problems, you have understood that a market economy alleviates hunger, but it lacks soul, it lacks heart, and it lacks social responsibility.

Peres added: I want to say something funny: as a Labor Party leader, I decided that our job within the party is to make money as capitalists do and distribute it as socialists do. You, Mr. President, have never lost touch with this mutual responsibility we owe one another as far as our people's social orientation is concerned.

He emphasized the "long friendship" between Venezuela and Israel, which is a country, he explained, that "has lived through wars, austerity, and deprivation." He also said Israel has never moved backward; it has been able to overcome hatred, deprivation, and poverty. It is not that problems cannot be solved; humans believe that problems are not solvable.

Throughout its history, Venezuela has demonstrated a permanent tendency in favor of peace, he said. After all, you had Simon Bolivar who taught you to have the sky in your horizon, to have your feet on the ground, and an open mind and powerful arms. You have had a Latin American leader in him and a message of universal peace.

He said I hope Venezuelans will continue to love their democracy, and I hope the ties between Venezuela and Israel will strengthen with this new chapter of cooperation and understanding we have opened.

Finally, he offered a toast to the president, whom he described as a man of the Bible and a friend of Israel.

### A Pleasant and Familiar Name

Rafael Caldera, in his speech, described Shim'on Peres' visit to Venezuela as a privilege. Caldera said he "is known by those who have lived and experienced the alternatives of contemporary history." Shim'on Peres, the president said, is a pleasant and familiar name, known as a fighter, politician, statesman, and top collaborator of the founder of the new State of Israel, Ben Gurion.

Caldera praised the work done by Shim'on Peres as a "builder of peace" and told him that Israel can count on the sincere friendship of the Venezuelan people, among which the president is "decisively placed in a position of neutrality, actively determined to attain peace, because in the long run, a just peace will have to prevail."

The president said: The Mideast peace process has been traumatic. Much courage and vision was necessary to open a viable road for the coexistence of nations that for historic reasons have been antagonists for a long time, he noted.

The president quoted Peres' statement at the United Nations in 1993 in which he said that the agreements between Israel and Palestina were more than a symbol, that they represented the development of a serious commitment to future generations. This process constitutes the best peace message the people of the world have received, Caldera said.

The Venezuelan president concluded by saying: We offer you our sincere friendship, admiration, and modest backing. We are a small country permanently prepared to struggle for peace in the world.

### Israel Will Buy Orimulsion

Shim'on Peres left the palace at 1530 hours. A reporter shouted a request for a news conference and he agreed to it.

[Reporter] Will Israel buy orimulsion?

[Peres] I think we are going to negotiate that, and our economy minister will probably come to Venezuela for that purpose.

[Reporter] What do you think about your meeting with President Caldera?

[Peres] I think that both the president and myself feel we have opened a new page in the relations between Venezuela and Israel and that we can strengthen our cooperation in the scientific, technological, cultural, commercial, and security fields. In other words, in all fields.

[Reporter] What are the most important aspects of this visit?

[Peres] The overcoming of geographic distances and our political rapprochement.

[Reporter] Will President Caldera be invited to Israel?

[Peres] The president has been to Israel, and it would be a pleasure to have him visit again.

[Reporter] What can you tell us about trade agreements between Venezuela and Israel?

[Peres] This is something we are discussing at the ministerial level with my friend the foreign minister and with the development minister and other ministers.

The Israeli leader boarded the presidential limousine to later continue with a tour he is making throughout America.

## Foreign Minister Outlines Priorities

*PA1401013695 Caracas EL NACIONAL in Spanish 10 Jan 95 p A-2*

[Report by Gioconda Soto]

[FBIS Translated Text] The government will restructure Venezuelan's defense system, including the reorganization of the police forces, with the direct support of Israel, Foreign Minister Miguel Angel Burelli Rivas announced yesterday at a news conference in the Yellow House, in which he assessed the work of the Foreign Ministry in 1994 and announced priorities for 1995.

Cooperation in the struggle against crime is included in a protocol, which, together with three bilateral agreements on economic cooperation, trade, and suspension of diplomatic visas, will be signed jointly by Israel and

Venezuela during the visit by Israeli Foreign Minister Shim'on Peres to our country starting tomorrow.

Following Peres' visit, cooperation in matters of security will include the arrival to Caracas of Israeli Police Minister Moshe Shahal. The Venezuelan Government is working on this and has sent Victor Amram, an official of the Judicial Technical Police (PTJ), to Israel.

Burelli explained that this cooperation is in response to a request made by him during the summit convened by the White House when he told Peres of the "urgent need" for support in matters of public order and citizens' security.

The foreign minister said that the assistance will encompass all the Venezuelan police organizations to make them more efficient and to prevent their great number "from creating rivalry among them." He said the important thing is to create a single line of public order to guarantee the security of persons and property and at the same time restore the tranquility of the citizens so that "we can again be a dependable country."

**NEIGHBORS ARE PRIORITY**

Relations with Colombia and Brazil were the two priorities of the Venezuelan Foreign Ministry in 1994, without forgetting the rest of Latin America. Burelli Rivas admitted that "first it is the neighbors, that is America, and then Europe, Asia, and the globalized world."

The foreign minister said that 1994 was a year in which the Venezuelan Foreign Ministry had to work hard to restore the country's "poor image," which was heightened by the banking crisis that affected the country.

He said that this negative situation was sparked by national pessimism, by which "Venezuelans cannot see beyond our noses in order to envision bigger problems."

He underlined the importance of the free trade agreement of the Group of Three signed by Venezuela, Mexico, and Colombia, and reiterated his trust that the same will not be affected by the current situation that is affecting the Mexican economy.

He said that Venezuela is working on exploring the possibility of a future South American free trade agreement between the Andean Pact and the Common Market of the South (Mercosur), made up of Argentina, Brazil, Paraguay, and Uruguay. In this sense, he stressed that the Andean pact is "open to improvement" and that the Latin American Integration Association "is designed to permit the convergence of all the integration processes."

He noted that the Andean Pact countries will have an opportunity to discuss the mechanisms of integration of Mercosur during the meeting of heads of state to be held in Cumana on the occasion of the celebration of the bicentennial of the birth of Antonio Jose de Sucre.

He stressed the importance of the Andean Pact, which, in his opinion, incorporated the social, scientific, and labor topics in the integration trend. "In the past, integration referred exclusively to problems of customs, tariffs, exports, and duties," he said.

**ECONOMIC DIPLOMACY SEEKS NEW MARKETS**

With an approximate budget of 31 billion bolivares for 1995, the Venezuelan Foreign Ministry plans to initiate an era of economic diplomacy based on negotiations designed to conquer new markets and seek out investments this year.

The foreign minister stressed the importance of understanding the new diplomacy that the country needs, based on negotiations, on economic offensives, and search for investors.

With a view to achieving this, he said that during 1995, the Institute of Diplomatic Studies will launch activities to attract graduate students from all university branches with the purpose of seeking personnel with potential for negotiation.

In the new era of trade globalization, Venezuela will give priority to the penetration of Asian markets, such as China, Japan, and Korea, with which Venezuela will attempt to intensify commercial relations, because they are countries "that have many things to offer."

Burelli stated that China will become the world's second power and noted the importance of a potential market of 1 billion persons.

He said the Foreign Ministry sees in Hong Kong a center for its selective immigration policy when that island passes from British to Chinese hands.

To conclude, he said this year he will attempt to culminate the process of reorganizing the Foreign Ministry.

## Finance Minister Denies Revaluation of Bolivar

*PA1601233195 Caracas Venezolana de Television Network in Spanish 0200 GMT 14 Jan 95*

[From the "The News" newscast]

[FBIS Translated Text] Finance Minister Julio Sosa Rodriguez has said that the possibility of revaluating the bolivar has not been considered. He also said that the president of Fogade [Deposit Guarantee and Banking Protection Fund] and the Bank Superintendent will not be removed and that, in fact, they have been given a vote of confidence.

[Begin Sosa recording] They have not been given a vote of either censure or confidence. [sentence as heard] The offices are working normally. [end recording]

According to Minister Sosa, the situation is under control, although it is necessary to establish new supervisory mechanisms. As for a news report on government plans to revalue the bolivar, Sosa said he has heard nothing about that.

[Begin Sosa recording] That is something I do not know anything about. Anyway, a revaluation of the bolivar would be fictitious because everyone knows the current exchange rate is 170 bolivares to the dollar. There is, however, a parallel market, where the rate is much higher. [end recording]

Those who have problems with Banco Republica and Latin American Financial Fund are hereby reminded that Latina, Republica, Consolidado, Venezuela, and Industrial banks will open on Saturday. These are the banks to which accounts are being transferred.

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